



PUBLIC DISCLOSURE

APRIL 30, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FARMERS BANK
RSSD# 3020447**

**119 FIRST STREET
AULT, COLORADO 80610**

**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 CRA RATING

This institution is rated: ***Satisfactory***

Farmers Bank (the bank) has a satisfactory record of meeting the credit needs of its assessment areas (AAs) in a manner consistent with its resources and operating philosophy.

The bank's average net loan-to-deposit (NLTD) ratio indicates a more than reasonable effort to extend credit in its market, consistent with safe and sound banking practices. The bank originates a substantial majority of its loans inside its designated AAs. The distribution of loans by income level of geographies is reasonable; and the distribution of loans to businesses and farms of different revenue sizes is reasonable.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institutions Examination Council (FFIEC) *Interagency Examination Procedures for Small Institutions*. The evaluation was performed in the context of information about the bank and its AAs, such as asset size, financial condition, economic and demographic characteristics, and competition. Four out of the five criteria used to evaluate a small bank's lending performance under the CRA were relevant to this review, including the following:

- Average NLTD Ratio
- Lending Inside the AA
- Distribution of Loans by Income Level of Geographies
- Distribution of Loans to Businesses and Farms of Different Revenue Sizes

The fifth criterion, the bank's responsiveness to CRA-related complaints, was not evaluated, as neither the bank nor the Federal Reserve Bank of Kansas City (Reserve Bank) has received any CRA-related complaints since the previous evaluation.

The evaluation included full-scope reviews of the bank's lending performance in the Greeley Metropolitan Statistical Area (MSA) and the Fort Collins MSA AAs. The bank's major products were reviewed and included commercial and agricultural loans. Major product lines were determined through discussions with bank management, a review of the June 30, 2018 Reports of Condition and Income (Call Report), and a review of all loans originated since the previous CRA evaluation conducted on February 23, 2015.

Conclusions were derived from a sample of 70 small business loans from a universe of 106 loans and a sample of 91 small farm loans from a universe of 166 loans, originated between January 1, 2017 and December 31, 2017. As defined under the CRA, small business loans included those with loan amounts of \$1 million (MM) or less, while small farm loans included those with loan amounts of \$500,000 or less. Lending performance among both loan types was weighted equally for this evaluation.

The bank's average NLTD ratio was calculated based on a 15-quarter average since the previous evaluation and compared to similarly situated financial institutions that operate within the bank's AAs. The geographic distribution analysis was based on the bank's lending in census tracts of different income levels in the AAs, based on the 2017 FFIEC census tract definitions. The borrower distribution analysis assessed the bank's lending to businesses and farms of different revenue sizes. Both the number and dollar volume of loans was evaluated for each lending test performance criterion. Additionally, only loans made inside the bank's AA were analyzed with respect to the geographic and borrower distribution analyses.

For evaluative purposes, the bank's lending was compared with area demographic data including the 2015 American Community Survey (2015 ACS) five-year estimate data and 2017 Dun & Bradstreet data.

To further augment the evaluation, two interviews with members of the communities within the bank's AAs were used to ascertain the credit needs of the communities, the responsiveness of area banks in meeting those credit needs, and local economic conditions. Specifically, both community members were representatives of economic and business development organizations within these communities.

DESCRIPTION OF INSTITUTION

The bank is a \$228.9MM community bank that is a wholly owned subsidiary of Farmers Bank Holding Company, also located in Ault, Colorado. In addition to the main branch in Ault, the bank operates a full-service branch in Fort Collins, Colorado. Both branch offices include cash-only automated teller machines (ATMs) and drive-through services.

Based on the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, the bank ranks 13th out of 32 FDIC-insured institutions operating in the AAs with a market share of 1.7 percent. These characteristics illustrate a highly competitive banking environment with the presence of several national and regional institutions, as well as local banks.

As of the June 30, 2018 Call Report, the bank reported total assets of \$228.9MM, of which gross loans represented \$192.9MM. As illustrated in Table 1, the bank's primary lending focus is commercial and agricultural lending. However, the bank seeks to meet the overall credit needs of its AAs by offering a variety of other loan and deposit products, including those for consumer customers.

**TABLE 1
FARMERS BANK LOAN PORTFOLIO
AS OF JUNE 30, 2018**

Loan Type	Amount \$(000)	Percent of Total
Commercial	98,856	51.2
Agricultural	68,858	35.7
Residential Real Estate	22,581	11.7
Consumer	1,732	0.9
Other	942	0.5
Gross Loans	192,969	100.0

There are no known legal, financial or other factors impeding the bank's ability to meet the credit needs of the communities it serves. The bank received a Satisfactory rating at its previous CRA evaluation conducted by the Reserve Bank on February 23, 2015.

DESCRIPTION OF THE BANK'S ASSESSMENT AREAS

The bank delineates two separate AAs in northern Colorado. The first AA, the Greeley MSA AA, takes the entire Greeley, Colorado MSA, which consists solely of Weld County, Colorado. The second AA, the Fort Collins MSA AA, takes the entire Fort Collins MSA AA, which consists solely of Larimer County, Colorado. These AAs are discussed in detail in the full-scope review of each AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's overall performance under the CRA is Satisfactory. The Performance Evaluation first discusses the bank's overall lending performance in the two AAs, followed by full-scope reviews of the bank's lending performance in each AA. The bank's overall rating was based on its cumulative performance in both AAs; however, greater weight was placed on the bank's performance in the Greeley MSA AA, given the majority of the bank's loan and deposit volume is originated in this AA.

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, and the demographic and economic factors present in the AAs.

The bank's NLTD ratio was averaged over a 15-quarter period since the previous CRA evaluation and compared to the ratios of six similarly situated financial institutions operating in the AAs. The NLTD ratios of the comparison banks range from 52.7 percent to 114.9 percent. The bank's average NLTD ratio is 93.9 percent, showing a gradual increase from 88.5 percent

at the previous CRA performance evaluation. Based on its size, financial condition, and the credit needs of the AAs, the bank's NLTD reflects a more than reasonable effort to extend credit.

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended both inside and outside the AAs. As illustrated in Table 2, a substantial majority of the bank's small business and small farm loans were originated to borrowers inside the AAs by both number and dollar volume of originations.

TABLE 2 LENDING INSIDE AND OUTSIDE THE BANK'S AAs								
Bank Loans	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Small Business Loans	67	8,458	95.7	94.5	3	490	4.3	5.5
Small Farm Loans	78	11,718	85.7	93.0	13	883	14.3	7.0
Total Loans	145	20,176	90.1	93.6	16	1,373	9.9	6.4

The remaining performance criteria consider only those loans originated inside the AAs.

Geographic and Borrower Distribution

This geographic distribution performance criterion evaluates the bank's lending within its AAs by income level of census tracts. Overall, the geographic distribution of small business and small farm loans reflects a reasonable dispersion in both AAs.

The borrower distribution performance criterion evaluates the bank's lending to businesses and farms of different revenue sizes, with emphasis placed on lending to those with gross annual revenues of \$1MM or less. Overall, the borrower distribution of small business and small farms loans is reasonable. Due to a limited number of small farm loans in the Fort Collins MSA AA, only small farm lending in the Greeley MSA AA will be evaluated for this criterion.

A detailed analysis of the geographic and borrower distribution is provided in the full review of each AA.

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 illegal credit practices inconsistent with helping to meet community credit needs was identified.

GREELEY METROPOLITAN STATISTICAL AREA ASSESSMENT AREA
(Full Review)

DESCRIPTION OF THE BANK'S OPERATIONS IN THE GREELEY MSA AA¹

The Greeley MSA AA encompasses all of Weld County and has not changed since the previous evaluation. The bank's main branch, and only presence in the AA, is located in city of Ault, Colorado. Ault is a small rural community with a high dependence on agriculture located approximately 12 miles north of Greeley, Colorado. The bank's location in this AA includes drive-through services and a cash-only ATM.

The AA consists of 77 census tracts; 7 low-, 16 moderate-, 26 middle-, 27 upper-, and 1 unknown-income. The bank's branch is located in a middle-income census tract and is not located within close proximity to the AAs low- and moderate-income census tracts.

The AA is served by numerous institutions, indicating a high level of competition. According to the June 2018 FDIC Deposit Market Share Report, the bank holds \$113.4MM in deposits and a market share of 2.8 percent, ranking 11th out of 23 FDIC-insured institutions that operate 72 branches in the AA.

Population Characteristics

The AA's population was 270,948 residents; with the largest representation in the city of Greeley. According to the 2018 U.S. Census, the population of the AA grew by 24.3 percent from April 1, 2010 through July 1, 2018, outpacing the growth the state of Colorado experienced at 13.2 percent during the same time period. The AA's population by age categories was consistent with the overall age categories within the state of Colorado: 51.9 percent of residents are 25 years to 64 years of age, 27.1 percent are 17 years and younger, and 10.7 percent are age 65 and older.

Housing Characteristics

The housing characteristics within the AA were somewhat different than those of the state of Colorado. The percent of owner-occupied homes was higher in the AA, and the median housing value was lower; 65.9 percent compared to 57.6 percent, and \$210,075 compared to \$247,800, respectively. Although the rental units representation was extremely similar, 29.1 percent in the AA compared to 31.9 percent in the state, vacant housing in the AA was only 5.0 percent compared to the state at 10.5 percent.

¹ The following demographic data is based on 2010 U.S. Census, 2011-2015 ACS five-year estimate data, and 2017 D&B data.

Income Characteristics

The composition of the AA's families by income category was comprised of 20.6 percent low-income, 18.4 percent moderate-income, 21.0 percent middle-income, and 39.9 percent upper-income families. The AA's median family income (MFI) at \$69,667 was slightly lower than the state of Colorado's MFI figure, at \$74,826. Additionally, there were slightly more families below the poverty level in the AA, at 8.8 percent, compared to the state of Colorado at 8.5 percent.

Economic and Employment Characteristics

As reflected in Exhibit 1, the unemployment rate in the AA is low and on a downward trend, similar to that of the state of Colorado. Although the local economy is heavily dependent on farming, other major industries include manufacturing, healthcare, and education. Major employers include JBS Swift Co., Banner/North Colorado Medical Center, Vestas-Americas-All Weld Operations, Greeley/Evans School District 6, and the University of Northern Colorado.

EXHIBIT 1 ANNUAL UNEMPLOYMENT RATES (Not Seasonally Adjusted)			
Area	2015	2016	2017
Weld County	3.8	2.7	2.7
State of Colorado	3.9	3.2	2.7
U.S. Bureau of Labor Statistics			

Interviews with Members of the Community

A community member noted that the AA's major credit needs included financing for small business development. Additionally, the community member stated that although there was financing available for commercial real estate, the availability of affordable properties was limited. Additionally, the community member noted that all financial institutions participated in local economic development initiatives and stated that the community needs are being met.

Additional demographic data is displayed in Table 3 below.

TABLE 3 GREELEY MSA AA 2017 DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	9.1	4,650	6.8	1,569	33.7	14,101	20.6
Moderate	16	20.8	14,956	21.9	1,952	13.1	12,582	18.4
Middle	26	33.8	27,065	39.6	2,066	7.6	14,359	21.0
Upper	27	35.1	21,634	31.7	450	2.1	27,263	39.9
Unknown	1	1.3	0	0.0	0	0.0	0	0.0
Total AA	77	100.0	68,305	100.0	6,037	8.8	68,305	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	9,804	2,304	3.5	23.5	6,685	68.2	815	8.3
Moderate	22,105	13,036	19.9	59.0	7,994	36.2	1,075	4.9
Middle	39,347	26,524	40.5	67.4	10,537	26.8	2,286	5.8
Upper	27,970	23,560	36.0	84.2	3,654	13.1	756	2.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	99,226	65,424	100.0	65.9	28,870	29.1	4,932	5.0
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	774	7.1	701	7.0	65	8.0	8	6.8
Moderate	1,861	17.0	1,652	16.5	190	23.3	19	16.1
Middle	4,276	39.1	3,953	39.5	270	33.1	53	44.9
Upper	4,020	36.8	3,692	36.9	290	35.5	38	32.2
Unknown	2	0.0	1	0.0	1	0.1	0	0.0
Total AA	10,933	100.0	9,999	100.0	816	100.0	118	100.0
Percentage of Total Businesses:			91.5		7.5		1.1	
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	8	1.2	8	1.2	0	0.0	0	0.0
Moderate	83	12.0	77	11.9	6	14.0	0	0.0
Middle	439	63.5	408	63.0	31	72.1	0	0.0
Upper	161	23.3	155	23.9	6	14.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	691	100.0	648	100.0	43	100.0	0	0.0
Percentage of Total Farms:			93.8		6.2		0.0	
Based on 2017 FFIEC census tract definitions, 2015 ACS five-year estimate data, and 2017 D&B data. (NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Distribution by Income Level of Geographies

The bank's distribution of loans amongst the geographies of various income levels demonstrates a reasonable dispersion throughout the AA.

For evaluative purposes, the bank's small business and small farm loans were compared to the percentages of businesses and farms operating in each of the census tract income categories.

Small Business Loans

The geographic distribution of small business lending is reasonable. The bank's lending in low-income census tracts at 2.5 percent by number (0.3 percent by dollar) was below the percentage of businesses operating in low-income census tracts at 7.1 percent. The bank's lending in moderate-income census tracts at 12.5 percent by number (14.5 percent by dollar) was also below the demographic figure at 17.0 percent. The bank's lending in middle-income census tracts significantly exceed the demographic figure, whereas, the bank's lending in the upper-income census tracts was significantly below the demographic figure.

While the bank's loan originations in low- and moderate-income census tracts were below the associated demographic figures, performance is considered reasonable given the distance from the bank's only AA branch to the low- and moderate-income census tracts in Greeley as well as the high level of area competition. Moreover, given the lower loan volume, the presence of one or two additional loans in low- and moderate-income census tracts would more closely align the bank's performance by number with the demographic figures for these census tracts.

**TABLE 4
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS
BY INCOME LEVEL OF GEOGRAPHY
GREELEY MSA AA**

Census Tract Income Level	Small Business Loans				% of Businesses ¹
	#	\$(000)	#%	\$%	
Low	1	15	2.5	0.3	7.1
Moderate	5	695	12.5	14.5	17.0
Middle	29	3,512	72.5	73.5	39.1
Upper	5	555	12.5	11.6	36.8
Unknown²	0	0	0.0	0.0	0.0

¹ The percentage of businesses by tract is based on 2017 FFIEC census tract definitions and 2017 D&B data.

² Includes census tracts where the income level is unknown.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Farm Loans

The geographic distribution of small farm lending is reasonable. The bank did not originate any small farm loans in low-income census tracts, which is below the percent of farms operating in

the AA's low-income census tracts at 1.2 percent. The bank's lending in moderate-income census tracts at 2.8 percent by number (0.3 percent by dollar) was also below the demographic figure at 12.0 percent. The bank's lending in middle-income census tracts, where the branch is located, exceeded the demographic figure; whereas the bank's lending in upper-income census tracts was below the demographic figure.

While the bank's loan originations in low- and moderate-income census tracts were below the associated demographic figures, performance is considered reasonable given the context outlined above addressing similar characteristics for small business lending. Additionally, although the bank did not originate any loans in the AA's low-income census tracts, opportunities to lend in these areas are very limited as there are only eight farms operating in these census tracts.

**TABLE 5
DISTRIBUTION OF 2017 SMALL FARM LOANS
BY INCOME LEVEL OF GEOGRAPHY
GREELEY MSA AA**

Census Tract Income Level	Small Farm Loans				% of Farms ¹
	#	\$(000)	#%	\$%	
Low	0	0	0.0	0.0	1.2
Moderate	2	38	2.8	0.3	12.0
Middle	64	10,552	88.9	93.6	63.5
Upper	6	681	8.3	6.0	23.3
Unknown ²	0	0	0.0	0.0	0.0

¹ The percentage of farms by census tract is based on 2017 FFIEC census tract definitions and 2017 D&B data.

² Includes census tracts where the income level is unknown.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Distribution by Revenue Size of Businesses and Farms

The bank's distribution of loans to businesses and farms of different revenue sizes demonstrates a reasonable dispersion throughout the AA.

For evaluative purposes, the bank's small business and small farm lending was compared to the percent of businesses and farms within the AA by revenue size. While the bank is not required to report small farm or small business data as a small institution, aggregate data reported by all large bank CRA-filers in the AA was utilized for additional insight into the credit demand of the area.

Small Business Loans

The borrower distribution of small business lending is reasonable. The bank's lending to small business at 60.0 percent by number (38.5 percent by dollar), was below the percentage of businesses with revenue of \$1MM or less, at 91.5 percent. The bank's lending to businesses with revenues over \$1MM exceeded the demographic figure.

While the bank's lending to small businesses was below the demographic figure, the bank exceeded the aggregate data percentages of 49.3 percent by number (34.2 percent by dollar). The aggregate performance may be reflective of a lower demand for these types of loans in the area.

Furthermore, approximately 86.8 percent of the bank's small business loans were originated in loan amounts of \$250,000 or less, indicating the bank's willingness to meet the credit needs of small businesses. Typically, smaller businesses do not have the need or the capacity to borrow large amounts; as such, smaller loan amounts are used as a proxy to estimate the support of small entities.

**TABLE 6
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS
BY REVENUE SIZE OF BUSINESSES
GREELEY MSA AA**

Business Revenue	Small Business Loans				% of Businesses by Revenue ¹
	#	\$(000)	#%	\$%	
\$1MM or less	24	1,838	60.0	38.5	91.5
Over \$1MM	12	2,719	30.0	56.9	7.5
Not Known	4	220	10.0	4.6	1.1

¹ The percentage of businesses by revenue size is based on 2017 D&B data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Small Farm Loans

The borrower distribution of small farm lending is reasonable. The bank's lending to small farms, at 91.7 percent by number (83.4 percent by dollar), was comparable to the percentage of farms with revenue of \$1MM or less, at 93.8 percent. The bank's lending to farms with revenue over \$1MM was also comparable to the demographic figure.

**TABLE 7
DISTRIBUTION OF 2017 SMALL FARM LOANS
BY REVENUE SIZE OF FARMS
GREELEY MSA AA**

Farm Revenue	Small Farm Loans				% of Farms by Revenue ¹
	#	\$(000)	#%	\$%	
\$1MM or less	66	9,405	91.7	83.4	93.8
Over \$1MM	6	1,865	8.3	16.6	6.2
Not Known	0	0	0.0	0.0	0.0

¹ The percentage of farms by revenue size is based on 2017 D&B data.
(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

FORT COLLINS METROPOLITAN STATISTICAL AREA ASSESSMENT AREA
(Full Review)

DESCRIPTION OF THE BANK'S OPERATIONS IN THE FORT COLLINS MSA AA²

The Fort Collins MSA AA encompasses all of Larimer County and has not changed since the previous evaluation. The city of Fort Collins is located along the Front Range and is home to Colorado State University, the state's third largest university. Additionally, a very large portion of the county encompasses several nationally known and highly visited national parks. These include, Roosevelt National Forest, Horsetooth Mountain, and a portion of Rocky Mountain National Park.

The bank's one branch in this AA is full-service and located in Fort Collins, Colorado; approximately 19 miles west of the main branch in Ault, Colorado. The branch includes drive-through services and a cash-only ATM. The branch's primary focus is commercial lending.

The AA consists of 73 census tracts; 3 low-, 20 moderate-, 36 middle-, 13 upper-, and 1 unknown-income census tracts. The bank's branch is located in a middle-income census tract.

The AA is served by numerous institutions, indicating a high level of competition. According to the June 30, 2018 FDIC Deposit Market Share Report, the bank holds \$83,447 in deposits and a market share of 1.1 percent, ranking 17th out of 27 FDIC-insured institutions that operate 97 branches in the AA.

Population Characteristics

The AA's population was 318,227, with the largest representation in the city of Fort Collins which is the largest city within the AA. According to the 2018 U.S. Census, the population of the AA grew by 17.0 percent from April 1, 2010 through July 1, 2018, slightly outpacing the growth the state of Colorado experienced at 13.2 percent during the same time period. Overall, the AA's population by age categories was similar to the state of Colorado, with the exception of the age category of 18 to 24 years age. This category in the AA has a slightly higher than the overall state figure due to the presence of the university.

Housing Characteristics

The housing characteristics within the AA were similar to those of the state with regard to the representation of owner-occupied and rental units, at 58.7 percent and 57.6 percent, and 32.8 percent and 31.9 percent, respectively. However, the vacant housing inventory at 8.6 percent within the AA was less than the statewide figure of 10.5 percent. Additionally, the median housing value within the AA of \$263,405 was higher than the overall state figure at \$247,800.

² The following demographic data is based on 2017 U.S. Census, 2011-2015 ACS five-year estimate data, and 2017 D&B data.

Income Characteristics

The AA composition of families by income category was comprised of 20.5 percent low-income, 17.2 percent moderate-income, 22.6 percent middle-income, and 39.6 percent upper-income families. The MFI for the AA as of 2015 was \$76,847, which was slightly higher than the state of Colorado figure, at \$74,826. Additionally, there were slightly less families below the poverty level in the AA, at 6.4 percent, compared to the state of Colorado at 8.5 percent.

Economic and Employment Characteristics

As reflected in Exhibit 2, the unemployment rate in the AA is low and trending downward, similar to the statewide rate. The unemployment rate is reflective of a comment the community member made indicating that labor shortage has become a major issue for local employers. The local economy is heavily dependent on manufacturing, healthcare, education, and state and federal government offices. Within the AA, major employers include Advance Energy, Anheuser-Busch, Colorado State University, US Forest Service Center for Arapahoe and Roosevelt National Forest, and the State Division of Wildlife.

EXHIBIT 2 ANNUAL UNEMPLOYMENT RATES (Not Seasonally Adjusted)			
Area	2015	2016	2017
Larimer County	3.3	2.8	2.4
State of Colorado	3.9	3.2	2.7
U.S. Bureau of Labor Statistics			

Interviews with Members of the Community

As mentioned above, the community member noted that labor shortage was the biggest economic issue facing the AA. Further, the contact indicated that it will continue to be a challenge to meet the hiring demands for both large and small employers in the area, as most available jobs are for lower pay and skill positions. Additionally, the community member noted that the area has a high number of lenders and that competition is significant. Further, the community member stated that local financial institutions participate in local economic development initiatives and that overall community credit needs are being met.

Additional demographic data is displayed in Table 8 below.

TABLE 8 FORT COLLINS MSA AA 2017 DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	3	4.1	1,249	1.6	296	23.7	16,047	20.5
Moderate	20	27.4	17,811	22.8	1,722	9.7	13,470	17.2
Middle	36	49.3	39,955	51.1	2,307	5.8	17,701	22.6
Upper	13	17.8	19,196	24.5	710	3.7	30,998	39.6
Unknown	1	1.4	5	0.0	0	0.0	0	0.0
Total AA	73	100.0	78,216	100.0	5,035	6.4	78,216	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,596	1,213	1.5	46.7	1,242	47.8	141	5.4
Moderate	40,893	16,472	20.5	40.3	19,160	46.9	5,261	12.9
Middle	66,923	42,321	52.7	63.2	19,289	28.8	5,313	7.9
Upper	26,257	20,258	25.2	77.2	5,136	19.6	863	3.3
Unknown	182	0	0.0	0.0	47	25.8	135	74.2
Total AA	136,851	80,264	100.0	58.7	44,874	32.8	11,713	8.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	622	3.3	504	2.9	114	9.5	4	2.7
Moderate	5,591	30.0	5,185	29.9	370	30.9	36	24.3
Middle	8,012	42.9	7,530	43.5	411	34.3	71	48.0
Upper	4,431	23.7	4,093	23.6	303	25.3	35	23.6
Unknown	6	0.0	4	0.0	0	0.0	2	1.4
Total AA	18,662	100.0	17,316	100.0	1,198	100.0	148	100.0
Percentage of Total Businesses:				92.8		6.4		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	7	1.8	6	1.6	1	12.5	0	0.0
Moderate	56	14.7	56	15.0	0	0.0	0	0.0
Middle	199	52.2	195	52.3	4	50.0	0	0.0
Upper	118	31.0	115	30.8	3	37.5	0	0.0
Unknown	1	0.3	1	0.3	0	0.0	0	0.0
Total AA	381	100.0	373	100.0	8	100.0	0	0.0
Percentage of Total Farms:				97.9		2.1		0.0
Based on 2017 FFIEC census tract definitions, 2015 ACS five-year estimate data, and 2017 D&B data. (NOTE: Total percentages may vary by 0.1 percent due to automated rounding differences.)								

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Distribution by Income Level of Geographies

The bank's distribution of loans among geographies of various income levels demonstrated a reasonable dispersion throughout the AA.

For evaluative purposes, the bank's small business loans were compared to the overall percentages of the number of businesses operating in each of the census tract income categories as shown below.

Small Business Loans

The geographic distribution of small business lending is reasonable. The bank's lending in low-income census tracts, at 3.7 percent by number (1.2 percent by dollar), was comparable to the percentage of businesses operating in low-income census tracts, at 3.3 percent. The bank's lending in moderate-income census tracts, at 18.5 percent by number (24.6 percent by dollar), was below the demographic figure, at 30.0 percent. The bank's lending in the middle-income census tracts was comparable to the demographic figure, while the performance in upper-income census tracts exceeded the demographic figure.

While the bank's lending in moderate-income census tracts was below the demographic figure, performance is considered reasonable given the high level of competition in the AA. Moreover, given the lower loan volume, the presence of just a few additional loans in moderate-income census tracts would more closely align the bank's performance by number with the demographic figures for these census tracts.

**TABLE 9
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS
BY INCOME LEVEL OF GEOGRAPHY
FORT COLLINS MSA AA**

Census Tract Income Level	Small Business Loans				% of Businesses ¹
	#	\$(000)	#%	\$%	
Low	1	45	3.7	1.2	3.3
Moderate	5	907	18.5	24.6	30.0
Middle	12	1,415	44.4	38.4	42.9
Upper	9	1,314	33.3	35.7	23.7
Unknown ²	0	0	0.0	0.0	0.0

¹ The percentage of businesses by census tract is based on 2017 FFIEC census tract definitions and 2017 D&B data.

² Includes census tracts where the income level is unknown.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)

Distribution by Revenue Size of Businesses

The bank's distribution of loans to businesses of different revenue sizes demonstrates a reasonable dispersion.

For evaluative purposes, the bank's small business lending was compared to the percent of businesses within the AA by revenue size. While the bank is not required to report small business data as a small institution, aggregate data reported by all large bank CRA-filers in the AA was also utilized for additional insight into the credit demand of the area.

Small Business Loans

The borrower distribution of small business lending is reasonable. The bank's lending to small business, at 63.0 percent by number (55.3 percent by dollar), was below the percentage of businesses with revenue of \$1MM or less, at 92.8 percent. Loans to businesses over \$1MM, at 33.3 percent by number (42.0 percent by dollar), exceeded the demographic figure of 6.4 percent.

While the bank's lending to small businesses was below the demographic figure, the bank exceeded aggregate lending percentages of 51.9 percent by number (35.5 percent by dollar). Furthermore, 77.8 percent of the bank's small business loans were originated in loan amounts of \$250,000 or less, indicating the bank's willingness to meet the credit needs of small businesses. Typically, smaller businesses do not have the need or the capacity to borrow large amounts; as such, smaller loan amounts are used as a proxy to estimate the support of small entities.

**TABLE 10
DISTRIBUTION OF 2017 SMALL BUSINESS LOANS
BY REVENUE SIZE OF BUSINESSES
FORT COLLINS MSA AA**

Business Revenue	Small Business Loans				% of Businesses by Revenue ¹
	#	\$(000)	#%	\$%	
\$1MM or less	17	2,037	63.0	55.3	92.8
Over \$1MM	9	1,544	33.3	42.0	6.4
Not Known	1	100	3.7	2.7	0.8

¹ The percentage of businesses by revenue size is based on 2017 D&B data.

(NOTE: Total percentages shown may vary by 0.1 percent due to automated rounding differences.)