



## PUBLIC DISCLOSURE

May 22, 2017

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Las Animas  
Charter Number 6030

535 Bent Avenue  
Las Animas, CO 81054

Office of the Comptroller of the Currency  
Denver Field Office  
1225 17th Street, Suite 450  
Denver, CO 80202

**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, and should not 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.

## Table of Contents

<b>OVERALL CRA RATING: OUTSTANDING .....</b>	<b>3</b>
<b>DEFINITIONS AND COMMON ABBREVIATIONS .....</b>	<b>4</b>
<b>DESCRIPTION OF INSTITUTION .....</b>	<b>8</b>
<b>SCOPE OF THE EVALUATION.....</b>	<b>10</b>
<b>DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW .....</b>	<b>11</b>
<b>CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....</b>	<b>12</b>
<b>LENDING TEST .....</b>	<b>12</b>
<b>COMMUNITY DEVELOPMENT TEST.....</b>	<b>15</b>
<b>APPENDIX A: SCOPE OF EXAMINATION.....</b>	<b>A-1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-1</b>
<b>APPENDIX B: COMMUNITY PROFILES FOR FULL-SCOPE AREAS .....</b>	<b>B-3</b>

## **Overall CRA Rating: Outstanding**

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

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

The major factors that support this rating include:

- The loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and local economic conditions.
- The bank originated a substantial majority of loans inside the delineated assessment areas (AA).
- Lending to borrowers of different incomes and businesses/farms of different sizes reflects excellent penetration.
- The geographic distribution of loans reflects excellent dispersion to low- and moderate-income census tracts within the AA.
- The bank's community development performance demonstrates excellent responsiveness to community development needs in its AAs.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 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 (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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 non-relatives 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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household (HH):** 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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) and the Thrift Financial Reporting (TFR) 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.

**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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

First National Bank of Las Animas (FNBLA) is a \$337 million full service, intrastate financial institution headquartered in Las Animas, Colorado. FNBLA is wholly-owned by First Bankshares of Las Animas, Inc., a one-bank holding company located in Las Animas, Colorado. In addition to the main office, FNBLA operates five full service branches located in the communities of La Junta, Fowler, Rocky Ford, Ordway, and Monument. FNBLA acquired the Ordway and Rocky Ford branches during a single acquisition in 2012, thus expanding services in the Las Animas AA. Additionally, the bank operates six ATMs.

FNBLA designated two geographies in the State of Colorado as its AAs. We selected both AAs, Monument and Las Animas, for full scope reviews. The AAs are reasonable, consist of contiguous, whole census tracts (CTs), include geographies where the institution operates its main office and branches, and does not arbitrarily exclude any low-or moderate-income areas.

Other financial institutions provide strong competition throughout the institution's two AAs; specifically in the Monument AA. There are 37 other institutions operating within the Monument AA. As of June 30, 2016, FNBLA held deposit market share of 0.88 percent, ranking 22nd in the area. While there are fewer competing institutions in the Las Animas AA, the volume of deposits is also lower. There are 15 competing institutions operating within the Las Animas AA; however, FNBLA is the sole provider in several smaller communities, including Las Animas and Ordway. As of June 30, 2016, FNBLA held deposit market share of 15.93 percent in this AA, ranking first in the market.

FNBLA offers traditional banking products. As of March 31, 2017, net loans totaled \$250 million, which equates to 74 percent of the institution's total assets. The loan portfolio is primarily comprised of \$80 million in business loans, \$4 million in consumer loans, \$112 million in agriculture loans, and \$51 million in residential real estate loans. The bank holds \$37 million in Tier One Capital.

The bank's business strategy is well-tailored to each respective AA. The primary focus and product offerings in the Monument AA consist of commercial and residential real estate products. The primary focus and product offerings in the Las Animas AA consist of agriculture, consumer, and commercial loans. This is consistent with expanding business and housing sectors in the Monument AA and the rural, agricultural-driven Las Animas AA. Given the existence of several underserved communities in the Las Animas AA, the bank provides a broad array of products and services to fulfill community needs. Such products and services include numerous types of deposit accounts, online and mobile banking, individual retirement accounts, wire transfer services, safe deposit boxes, health savings accounts, merchant services, notary services, small-dollar personal loans, auto loans, home loans, and home equity lines of credit. FNBLA is also an approved lender through the Farm Service Agency, the Small Business Association,

and offers first time homebuyer programs through the Colorado Housing and Finance Authority.

A CRA Performance Evaluation (PE) was last prepared in October 2010, with an "Outstanding" rating assigned.

There are no known legal, financial, or other factors impeding the bank's ability to meet the credit needs of its AA.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated FNBLA under the Intermediate Small Bank (ISB) examination procedures, which includes a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The CD test evaluates the bank's responsiveness to CD needs through CD lending, qualified investments, and CD services.

The lending test for the Monument AA included an evaluation of the bank's business lending from January 1, 2015 through March 31, 2017. The lending test for the Las Animas AA included an evaluation of the bank's agribusiness and consumer lending activities from January 1, 2015 through March 31, 2017. For the CD test, we evaluated the bank's qualified CD activities from October 15, 2010 through May 22, 2017. This included CD loans, services, and investments/donations.

### **Selection of Areas for Full-Scope Review**

We performed full-scope reviews for each of the bank's two AAs – Monument and Las Animas. Please reference the tables in Appendix A for more information on each AA.

### **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

In arriving at the overall rating, we placed greater weight on the bank's performance in the Las Animas AA. The Las Animas AA accounts for over 75 percent of the institution's total deposits. During the assessment period, the bank originated over 75 percent of loans by number and over 90 percent by dollar volume in the Las Animas AA. Beyond the higher deposit and loan volumes, the Las Animas AA is comprised entirely of low-, moderate-, and distressed middle- income CTs, whereas the Monument AA consists entirely of middle- and upper-income CTs. The bank also serves as the sole or one of few financial service providers for several communities located within the Las Animas AA, whereas there are numerous available providers in the Monument AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices.

The OCC will consider any evidence of discriminatory or other illegal credit practices relative to this institution that other regulators may provide to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information provided concerns activities that occurred during the evaluation period addressed in this performance evaluation.

# Conclusions with Respect to Performance Tests

## LENDING TEST

FNBLA's lending performance is Outstanding.

### Loan-to-Deposit Ratio

FNBLA's LTD ratio is more than reasonable given the bank's profile and local economic conditions, and exceeds the standard for satisfactory performance. We evaluated the bank's quarterly average LTD ratio for the past 12 quarters since the prior CRA examination through March 31, 2017. During this period, the bank's LTD ratio averaged 79 percent. This ratio ranged from a quarterly low of 68 percent to a quarterly high of 89 percent. The bank's average LTD ratio compares favorably to similarly-situated financial institutions. For the purpose of this evaluation, we compared eight similarly situated banks. The average LTD ratio among these institutions was 67 percent, ranging from a quarterly low of 54 percent to a quarterly high of 79 percent. The LTD ratio is calculated on a bank-wide basis.

### Lending in Assessment Area

The bank originated a substantial majority of loans inside the bank's delineated AAs. FNBLA originated 70.00 percent of the number of loans within the AA. By dollar volume, the bank originated 50.80 percent of loans within the AA. Given the substantial majority of loans originated during the assessment period were small-dollar consumer loans, we placed greater reliance on the proportion of number of loans rather than dollar volume. The proportion of lending inside versus outside the bank's AA is calculated on a bank-wide basis. See Table 1 below for details.

Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Consumer Loans	19	95.00%	1	5.00%	20	\$61	88.41%	\$8	11.59%	\$69
Agricultural Loans	13	65.00%	7	35.00%	20	\$569	84.92%	\$101	15.08%	\$671
Commercial Loans	10	50.00%	10	50.00%	20	\$5,050	48.36%	\$5,392	51.64%	\$10,442
<b>Totals</b>	<b>42</b>	<b>70.00%</b>	<b>18</b>	<b>30.00%</b>	<b>60</b>	<b>\$5,681</b>	<b>50.80%</b>	<b>\$5,501</b>	<b>49.20%</b>	<b>\$11,182</b>

Source: Loan sample.

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

FNBLA's performance in lending to borrowers of different incomes and businesses/farms of different sizes demonstrates excellent penetration. We placed greater weight on the bank's performance from the Las Animas AA given the much

higher loan volumes, both by number and dollar, originating from within this AA. Additionally, several communities in the Las Animas AA qualify as distressed and underserved, indicating greater need for access to financial services within this AA. No geographies qualify as distressed or underserved in the Monument AA.

### Las Animas AA

The overall borrower distribution of farm loans to small farms and consumer loans to low- and moderate-income borrowers demonstrates excellent penetration within the AA. Given the high volumes of low- and moderate-income households (HHs), HHs living below poverty level, and number of loan originations, we assigned greater weighting to consumer loans when concluding on overall performance in this AA.

#### *Consumer Loans*

FNBLA's consumer lending reflects excellent penetration. Lending to low-income borrowers significantly exceeds demographics and is excellent. Lending to moderate-income borrowers also exceeds demographics and is excellent. See the table below for additional information.

Table 2B - Borrower Distribution of Consumer Loans in Las Animas AA								
	Low		Moderate		Middle		Upper	
Borrower Income Level	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	30.24%	45.00%	21.10%	35.00%	20.37%	10.00%	28.29%	10.00%

Source: Loan sample; U.S. Census data.

#### *Farm Loans*

The borrower distribution of farm loans reflects reasonable penetration. The percentage of bank loans to farms with revenues of less than \$1 million by number and dollar volume closely parallels demographic comparators. See the table below for additional details.

Table 2A - Borrower Distribution of Loans to Farms in Las Animas AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	97.65%	1.76%	0.59%	100%
% of Bank Loans in AA by #	95.00%	5.00%	0.00%	100%
% of Bank Loans in AA by \$	98.10%	1.90%	0.00%	100%

Source: Loan sample; U.S. Census data.

## Monument AA

The overall distribution of loans to small businesses reflects reasonable penetration within the AA.

### *Business Loans*

The borrower distribution of business loans reflects reasonable penetration. The percentage of bank loans to businesses with revenues of less than \$1 million by number and dollar volume is slightly lower than the percentage of small businesses in the AA, but remains within a reasonable tolerance. See the table below for additional details.

<b>Table 2A - Borrower Distribution of Loans to Businesses in Monument AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	91.94%	2.80%	5.27%	100%
% of Bank Loans in AA by #	75.00%	25.00%	0.00%	100%
% of Bank Loans in AA by \$	78.39%	21.61%	0.00%	100%

*Source: Loan sample; U.S. Census data*

## **Geographic Distribution of Loans**

The geographic distribution of loans reflects excellent dispersion throughout the Las Animas AA. FNBLA's farm and consumer lending activities within low- and moderate-income CTs exceed demographic comparators. The lending analysis reflects lending in most CTs. There are no gaps within lending patterns reflecting exclusion of low- or moderate- income geographies.

There are no low- or moderate- income CTs within the Monument AA; as such, a geographic analysis would not prove meaningful for this geography.

## Las Animas AA

### *Consumer Loans*

The geographic distribution of consumer loans reflects excellent dispersion. FNBLA's lending activity to borrowers located in low-income CTs exceeds and moderate-income CTs substantially exceeds demographic comparators and therefore exceeds the standard for satisfactory performance.

Table 3B - Geographic Distribution of Consumer Loans in Las Animas AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Household s	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	8.09	10.00	49.88	80.00	42.03	10.00	0.00	0.00

Source: Loan sample; U.S. Census data

### Farm Loans

The geographic distribution of farm loans reflects excellent dispersion. FNBLA's lending activity to borrowers located in low- and moderate-income CTs substantially exceeds demographic comparators and therefore exceeds the standard for satisfactory performance.

Table 3A - Geographic Distribution of Agricultural Loans in Las Animas AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans						
% of Total	1.17	5.00%	43.47%	55.00%	55.36%	40.00%	0.00%	0.00%

Source: Loan sample; U.S. Census data

### Monument AA

A geographic analysis would not provide meaningful results as there are no low- or moderate- income CTs within this AA.

### Responses to Complaints

Neither the Office of the Comptroller of the Currency nor the bank received any complaints about its CRA performance during the evaluation period.

### COMMUNITY DEVELOPMENT TEST

FNBLA's performance in the CD test is rated outstanding. The bank demonstrates excellent responsiveness to the CD needs in each AA, given the availability of such opportunities.

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

### **Las Animas AA**

The bank's CD lending activities demonstrate excellent responsiveness to CD needs in the Las Animas AA. FNBLA originated 62 CD loans totaling \$12 million, or 41.27 percent of allocated Tier One Capital. The CD loans consisted of loans with the purpose of economic development, revitalizing/stabilizing low- and moderate-income geographies, providing community services, and providing affordable housing.

The primary needs within this AA, established through a community contact, are improved healthcare facilities, senior care, and small business funding. FNBLA demonstrates excellent responsiveness to these needs by lending to regional healthcare facilities, nursing home facilities, and small businesses/farms. The bank originated all such loans in low-, moderate-, or distressed middle-income CTs.

### **Monument AA**

The bank's CD lending activities demonstrate excellent responsiveness to CD needs in the Monument AA. FNBLA originated eight loans totaling \$1.5 million, or 18.69 percent of allocated Tier One Capital, for the purpose of revitalizing/stabilizing a Federal Emergency Management Agency (FEMA) designated disaster area following the Black Forest Wildfire in 2013.

The availability of CD lending activities is limited within this AA. There are no low- or moderate- income CTs, no schools with over 50 percent of students qualifying for free or reduced lunch programs, and just 2.96 percent of the population lives below the poverty line.

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

### **Las Animas AA**

The bank demonstrated adequate responsiveness to CD investment needs in the Las Animas AA by funding 129 CD investments and donations totaling \$524 thousand, or 1.80 percent of allocated Tier One Capital. The qualifying investments and donations had the purpose of economic development, revitalizing/stabilizing low- and moderate-income geographies, providing community services, and providing affordable housing.

FNBLA demonstrates adequate responsiveness to the primary CD needs in this AA through donations to regional healthcare facilities, senior care/service facilities, and economic development groups, including those assisting new and small businesses. The bank made all such donations and investments within low-, moderate-, or distressed middle-income CTs.

## **Monument AA**

FNBLA demonstrated poor responsiveness to CD investment needs in the Monument AA. The bank made three qualifying donations totaling \$4 thousand, or 0.05 percent of allocated Tier One Capital, for the purpose of revitalizing/stabilizing a designated disaster area and providing community services.

However, the availability of CD investment activities within this AA is limited. There are no low- or moderate- income CTs, no schools with over 50 percent of students qualifying for free or reduced lunch programs, and just 2.96 percent of the population lives below the poverty line.

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

## **Las Animas AA**

The bank demonstrated excellent responsiveness to CD service needs in the Las Animas AA. The bank operates five full service branch locations within this AA; one branch is located in a low-income CT and the remaining four are located in moderate-income CTs. In four of the five locations, the institution serves as the only, or one of few financial service providers. The bank offers easy access to financial services from all branches including telephone, internet, and mobile access.

In addition to providing access to financial services in low- and moderate- income geographies, bank employees contributed over 6,000 hours in community service. While not all inclusive, these services included providing financial education courses, serving in the capacity of board member for community development/service organizations, providing budget/policy oversight for community service/development organizations, and serving as treasurer for community service/development organizations.

## **Monument AA**

The bank demonstrated adequate responsiveness to CD service needs in the Monument AA. While there are no low-, moderate-, or distressed middle- income CTs in this AA, bank staff contributed over 200 hours to community service. Such services included serving in a director/treasurer capacity, assisting with budgeting and planning, and serving on an audit committee for community service/development groups.

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

Considering the bank's capacity, the need, and the availability of CD opportunities, the bank's CD performance through CD loans, investments, and services demonstrates excellent responsiveness to the needs of the AAs. In total, the bank made 202 CD loans/investments totaling \$14 million, or 37.81 percent of Tier One Capital.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test: 01/01/2015 to 03/31/2017 Investment and Service Tests and CD Loans: 10/15/2010 to 05/22/2017	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Las Animas (FNBLA) Las Animas, Colorado	Business, Consumer, and Farm loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None reviewed.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State of Colorado</b> Counties of Baca, Bent, Crowley, Kiowa, Las Animas, Otero, & Prowers	Full-scope	
<b>State of Colorado</b> Portions of Colorado Springs, Colorado MSA - 17820	Full scope	

## Appendix B: Community Profiles for Full-Scope Areas

### Las Animas AA

Demographic Information for Full-Scope Area: Las Animas AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	23	8.70	47.83	43.48	0.00	0.00
Population by Geography	64,397	8.06	53.62	38.32	0.00	0.00
Owner-Occupied Housing by Geography	16,661	6.76	49.04	44.20	0.00	0.00
Businesses by Geography	3,892	10.33	48.20	41.47	0.00	0.00
Farms by Geography	681	1.17	43.47	55.36	0.00	0.00
Family Distribution by Income Level	16,061	30.24	21.10	20.37	28.29	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	8,246	12.47	55.94	31.59	0.00	0.00
Median Family Income = 57,816						
HUD Adjusted Median Family Income for 2016 = 60,000						
Households Below the Poverty Level = 20%						
			Median Housing Value = 99,490			
			Unemployment Rate = 3.28%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Las Animas AA consists of 23 CTs comprising the whole counties of Baca, Bent, Crowley, Kiowa, Las Animas, Otero, and Prowers. Of the 23 CTs, two are low-income, 11 are moderate-income, ten are middle-income, and zero are upper-income. The FFIEC designates all ten middle-income CTs as distressed/underserved. Two CTs were so designated due to poverty, one due to population loss, and four due to both poverty and population loss. Eight of these CTs are underserved.

The median family income is \$57,816. Within the AA, 19.54 percent of the population lives below the poverty line. Low- and moderate-income families comprise 30.24 and 21.10 percent of total families, respectively. The remainder is divided between middle- and upper-income families, comprising 20.37 and 28.29 percent, respectively. Owner occupied housing units comprise 55.07 percent, while rentals comprise 25.68 percent of total units. The Las Animas AA accounts for 76.99 percent of the institution's total deposits.

Agriculture is the primary economic driver. Major regional exports include livestock, wheat, milo, sunflowers, melons, vegetables, corn, onions, and hay. Manufacturing and energy also maintain a regional presence with a solar development area, a waste-to-energy space, wind harnessing, and limited oil/gas activities. The region houses one

state and two private correctional facilities, along with several healthcare facilities. Top industries by employment include food/agriculture, health, transportation, financial services, and advanced manufacturing. Top employers in the AA include Arkansas Valley Regional Medical Center, Southeast Colorado Hospital, Prowers Medical Group, Dragon ESP, Corrections Corporation of America, and Lewis Bolt and Nut Company.

## Appendix B: Community Profiles for Full-Scope Areas

### Monument AA

Demographic Information for Full-Scope Area: Monument AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00	0.00	12.50	75.00	12.50
Population by Geography	55,110	0.00	0.00	3.98	87.88	8.14
Owner-Occupied Housing by Geography	13,176	0.00	0.00	0.00	100.00	0.00
Businesses by Geography	5,506	0.00	0.00	1.38	97.80	0.82
Farms by Geography	124	0.00	0.00	0.00	100.00	0.00
Family Distribution by Income Level	13,176	5.98	8.16	16.57	69.29	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,863	0.00	0.00	7.19	92.81	0.00
Median Family Income HUD Adjusted Median Family Income for 2016 Households Below the Poverty Level	= 68,800 = 71,600 = 3%	Median Housing Value Unemployment Rate		=377,867 = 1.97%		

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census, and 2016 HUD updated MFI.

The Monument AA is contained within the Colorado Springs Metropolitan Statistical Area (MSA), and consists of eight CTs located in El Paso County.

The AA consists of one middle- and six upper-income CTs. There are no low- or moderate- income CTs. The income level in one CT is unknown. The median family income is \$68,800. Within the AA, 0.26 percent of the population qualifies for public assistance and 2.96 percent lives below the poverty line. Low- and moderate- income families comprise 5.98 and 8.16 percent of total families, respectively. The remainder is divided between middle- and upper-income families, comprising 16.57 and 69.29 percent, respectively. Within the AA, 75.85 percent of housing units are owner occupied while 15.60 percent are rented. The Monument AA accounts for 23.01 percent of the institution's total deposits.

Primary economic drivers include defense and high tech. Top industries by employment include government, professional/business services, education, health services, and leisure/hospitality. Top employers within the Colorado Springs MSA include Fort Carson, Peterson Air Force Base, Schriever Air Force Base, Air Force Academy, Lockheed Martin, Security Service Federal Credit Union, Progressive Insurance, and United States Automobile Association (USAA).