



## **PUBLIC DISCLOSURE**

September 10, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Hugo  
Charter Number: 8489

321 4th Street  
Hugo, CO 80821

Office of the Comptroller of the Currency

1225 17th Street  
Suite 450  
Denver, CO 80202-5534

**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.

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## Overall CRA Rating

### **The Lending Test is rated Satisfactory.**

The First National Bank of Hugo's (FNBH) CRA performance reflects a satisfactory response to its assessment area's (AA) credit needs.

- The loan-to-deposit (LTD) ratio is reasonable given the bank's size, strategic focus, and the AA credit needs.
- The bank extended a substantial majority of loans, 99 percent by dollar and 93 percent by number, to customers who live or operate within the AA's.
- The borrower distribution reflects reasonable penetration of agricultural and consumer loans to borrowers of different income levels in the bank's AA's.
- The bank's geographic distribution of agricultural and consumer loans is reasonable.

## 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 generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 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:** 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 five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) 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 Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

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

The First National Bank of Hugo (FNBH) is a \$120 million single-state community bank headquartered in Hugo, Colorado. The main office is located in downtown Hugo, which is located on the eastern plains of Colorado, approximately 90 miles east of Denver. The bank also operates a branch in Limon, Colorado and a second non-adjacent branch (operates as First Mountain Bank) in the mountain community of Leadville, Colorado, which was acquired in December 2008. Due to the locations of these branches, the bank operates in two AA's, Lincoln County and Lake County. In Lincoln County, where FNBH is headquartered, the bank is in competition with The Eastern Colorado Bank and The Equitable Savings and Loan Association. FNBH is ranked first, with a deposit market share of 51 percent, in this AA. . In Lake County, the bank is in competition with Peoples Bank and the Pueblo Bank and Trust Company. In this AA, FNBH is ranked second in deposit market share at 24 percent. FNBH has an ATM machine at the main office and each branch, but none of the ATMs accept deposits. A night drop is also located at the main office and each branch.

FNBH is 100 percent owned by First Liberty Capital Corporation, a one-bank holding company with consolidated assets of \$16 million as of June 30, 2018.

There are no legal or financial impediments to meeting the credit needs of the AAs. The bank is financially capable of meeting the credit needs of their community. FNBH received a Satisfactory rating at the last CRA examination dated December 3, 2013.

Refer to the bank's CRA Public File for more information.

## **Scope of the Evaluation**

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

We performed a full-scope review of the bank's Community Reinvestment Act performance using the lending test criteria for small bank examinations. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The evaluation period included all loans originated from January 1, 2015 through December 31, 2017. We evaluated the loan production during this period to determine the primary lending products by evaluating both the total number of loans originated and the total dollar amount originated. Based on these criteria, we selected agricultural and consumer loans as the primary products. The corresponding volumes by dollar and number are summarized in the table below.

The primary product by dollar volume is agricultural loans, which includes both farmland real estate and operating loans, at 70 percent of originations over the evaluation period. All agricultural loans are originated out of the Hugo and Limon branches. The primary product by number of loans is consumer loans representing 50 percent of the total number of loans. Approximately 38 percent of total consumer loans were originated out



of the Leadville branch. Our rating of the bank's CRA performance is based on an analysis of these two loan products

<b>FNBH Loan Originations from January 1, 2015 to December 31, 2017</b>				
<b>Loan Category</b>	<b>\$ (000)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Agricultural Production	33,110	48	288	31
Agricultural Real Estate	15,030	22	46	5
Commercial Real Estate	11,345	16	55	6
Commercial & Industrial	1,820	3	58	6
Consumer	4,264	6	468	50
Residential Real Estate	3,983	6	28	3
Other	145	0	1	0
Total	69,697	100.00	944	100.00

### **Data Integrity**

We did not perform a formal data integrity review on loan data from January 1, 2015 to December 31, 2017. However, we did confirm the accuracy of all geocoding data for all loans that were sampled to perform the Lending Tests. The remaining information provided was treated as accurate and we did not note any inconsistencies or errors with that data.

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

The bank appropriately identified two AA's, each of which represents a single county where each branch conducts the majority of their business. We performed a full scope review of both AA's. Please see Appendix A for more information.

### **Ratings**

The bank's overall rating is based on performance in both AA's. However, the Lincoln County AA receives more weight and consideration in the rating as FNBH is headquartered there and originates a greater proportion of loans within the 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 that require consideration in this evaluation.

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

# Conclusions with Respect to Performance Tests

## LENDING TEST

FNBH’s lending performance is Satisfactory.

### Loan-to-Deposit Ratio

**The bank’s loan to deposit ratio is reasonable given the competition in the area, the credit needs of the community, and the banks business model.**

The bank’s average quarterly loan to deposit ratio over the review period is 60 percent, which compares favorably to similarly situated banks. The average loan to deposit ratio of similarly situated banks over the same time period ranged between 51 percent and 82 percent with an average of 68 percent. Over the same time period, FNBH’s loan to deposit ratio ranged from 54 to 69 percent. Similarly situated banks are those operating with similar business lines within the same geography, or banks identified by FNBH as direct competitors.

### Lending in Assessment Areas

**The level of lending in the bank’s assessment areas is excellent.**

The bank originated a substantial majority of loans by number and dollar volume within the bank’s AAs. We sampled 20 agriculture loans and 40 consumer loans originated from January 1, 2015 to December 31, 2017. Of the 60 loans reviewed, 93 percent by number and 99 percent by dollar amount originated within the AAs.

Table 1 - Lending across all Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural – Lincoln AA	18	90	2	10	20	2,565	99	21	1	2,586
Consumer – Lincoln AA	18	90	2	10	20	268	93	20	7	288
Consumer – Lake AA	20	100	0	0	20	320	100	0	0	320
Totals	56	93	4	7	60	3,153	99	41	1	3,194

Source: Loan sample.

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

**The distribution of agriculture and consumer loans reflects reasonable penetration of the bank's assessment areas. Lending to low- and moderate-income borrowers and small farms is reasonable given the demographics of these assessment areas.**

### **Lincoln County AA**

#### Agricultural Lending

The distribution of loans to agricultural borrowers demonstrates reasonable penetration in lending to small farms. Based on 2017 Business Demographic Data, there are 137 farms located in Lincoln County and 136 are small farms. Small farms are farms with \$1 million or less in gross annual farm revenue. Of the 20 loans sampled, 90 percent by number and 95 percent by dollar volume were originated to small farms. Although the percentage of sampled loans to small farms was below demographic data of 99 percent, performance is reasonable. Our sample included the one large farm borrower indicated in the census data. The data is included in Table 2 below.

#### Consumer Lending

The distribution of loans to consumer borrowers shows reasonable penetration to low- and moderate-income borrowers. The bank's lending to low-income borrowers was lower than demographics. The bank's lending to moderate-income borrowers exceeded demographics. The data is included in Table 2A below.

### **Lake County AA**

#### Agriculture Lending

The bank did not make any loans to small farms in the AA. The bank has limited opportunity to make agriculture loans as 2017 Business demographics show only 13 farms in the AA.

#### Consumer Lending

The distribution of loans to consumer borrowers in the Lake County AA shows excellent penetration to low- and moderate-income borrowers. While lending to low-income borrowers reflects performance that is comparable, lending to moderate-income borrowers significantly exceeds area demographics. The data is included in Table 2A below.

### **Geographic Distribution of Loans**

**The overall dispersion of loans within census tracts of different income levels is reasonable. Our analysis showed lending within all census tracts in the Lincoln County AA.**

## **Lincoln County AA**

### Agricultural Lending

The geographic distribution of agricultural loans reflects reasonable distribution. The moderate-income tract encompasses all of the town of Limon, but also has rural areas with minimal population. By number of loans, 55 percent of the bank's loans were originated to borrowers within the moderate income tract, which exceeds the demographics of farms situated within the tract. The AA did not contain any low-income tracts during the evaluation period. The data is included in Table 3 below.

### Consumer Lending

The geographic distribution of consumer loans reflects reasonable distribution. The moderate-income tract encompasses all of the town of Limon, but also has rural areas with minimal population. By number of loans, 35 percent of the bank's loans were originated to borrowers who reside within the moderate income tract, which exceeds the demographics of households situated within the tract. In addition, 15.5 percent of the households located in the moderate-income tract have income below the poverty level making it more difficult to qualify for credit. The data is included in Table 3A below.

## **Lake County AA**

### Agriculture Lending

The bank did not make any agriculture loans in the AA. The bank has limited opportunity to make agriculture loans as 2017 Business demographics show only 13 farms in the AA.

### Consumer Lending

The geographic distribution of consumer loans reflects reasonable distribution. The bank originated 25 percent of its loans in moderate-income tracts which exceeds demographics. The AA did not contain any low-income tracts during the evaluation period. The data is included in Table 3A below.

## **Responses to Complaints**

FNBH did not receive any CRA related complaints during the review period.

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Lincoln AA	20	3,062	100.0	20	99.3	90.0	55.0	0.7	5.0	0.0	5.0
Lake AA	0	0	0.0	0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>3,062</b>	<b>100.0</b>	<b>20</b>	<b>99.4</b>	<b>90.0</b>	<b>55.0</b>	<b>0.6</b>	<b>5.0</b>	<b>0.0</b>	<b>5.0</b>

*Source: 2017 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2016 CRA Aggregate Data  
Due to rounding, totals may not equal 100.0*

Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Lincoln AA	20	271	45.9	29.0	20.0	18.8	25.0	18.23	15.0	34.0	40.0	0.0	0.0
Lake AA	20	320	54.1	27.0	25.0	16.5	35.0	20.7	40.0	35.7	0.0	0.0	0.0
<b>Total</b>	<b>40</b>	<b>591</b>	<b>100.0</b>	<b>27.8</b>	<b>23.0</b>	<b>17.4</b>	<b>30</b>	<b>19.7</b>	<b>28.0</b>	<b>35.0</b>	<b>20</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2015 ACS Census; 01/01/2015 - 12/31/2017 Bank Data.  
Due to rounding, totals may not equal 100.0*

**Table 3 - Assessment Area Distribution of Loans to Farms by Income Category of the Geography** **2015-2017**

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Lincoln AA	20	3,062	100.0	20	0.0	0.0	0.0	23.9	55.0	75.0	76.1	45.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0
Lake AA	0	0	0	0	0.0	0.0	0.0	17.6	0.0	0.0	82.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>20</b>	<b>3,062</b>	<b>100</b>	<b>20</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>23.4</b>	<b>55.0</b>	<b>75.0</b>	<b>76.6</b>	<b>45.0</b>	<b>25.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2017 D&B Data; 01/01/2015 - 12/31/2017 Bank Data; 2015 ACS Census  
 Due to rounding, totals may not equal 100.0

**Table 3A: Assessment Area Distribution of Consumer Loans by Income Category of the Geography** **2015-2017**

Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts	
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans
Lincoln AA	20	271	45.9	0.0	0.0	14.1	35.0	85.9	65.0	0.0	0.0	0.0	0.0
Lake AA	20	320	54.1	0.0	0.0	15.6	25.0	84.4	75.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>40</b>	<b>591</b>	<b>100.00</b>	<b>0.0</b>	<b>0.0</b>	<b>15.0</b>	<b>30.0</b>	<b>85.0</b>	<b>70.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data.  
 Due to rounding, totals may not equal 100.0

# Appendix A: Scope of Examination

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 (excludes CD loans): (01/01/2015-12/31/2017) Investment and Service Tests and CD Loans: N/A	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Hugo (FNBH), Hugo, CO	Agricultural loans, Consumer loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Lincoln County AA, Lake County AA	Full-Scope	



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

### Lincoln County AA

Demographic Information for Full Scope Area: Lincoln County 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00	50.00	50.00	0.00	0.00
Population by Geography	5,478	0.00	35.01	64.99	0.00	0.00
Owner-Occupied Housing by Geography	1,103	0.00	51.04	48.96	0.00	0.00
Business by Geography	348	0.00	44.83	55.17	0.00	0.00
Farms by Geography	137	0.00	75.91	24.09	0.00	0.00
Family Distribution by Income Level	1,106	24.77	21.16	20.25	33.82	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	508	0.00	50.39	49.61	0.00	0.00
Median Family Income		60,701	Median Housing Value		118,029	
FFIEC Adjusted Median Family Income for 2017		63,800	Unemployment Rate (2015 ACS US Census)		1.83%	
Households Below Poverty Level		16%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

Agriculture is the backbone of the Lincoln County AA. The largest cities in the county are Hugo and Limon, with Hugo being the county seat. Major agricultural products include cattle and crops such as dry land corn and wheat. Economic conditions remain stable in the AA. The largest non-agricultural employers include the Limon Correctional Facility, county government offices, and the Lincoln Community Hospital. As of August 2018, the Lincoln County unemployment rate was 2.7 percent which compares favorably to the state unemployment rate of 3.4 percent.

Based on 2015 ACS US Census data, this AA consists of a moderate- and a middle-income census tract with a median family income of \$60,701. Based on the 2015 ACS US Census data, there are 1,106 families residing within the AA, of which 41 percent are deemed low- and moderate-income. Income designations are determined based on annual income as a percentage of the non-MSA median family income.

Business demographic data for 2017 shows the AA composed of 72 percent businesses and 28 percent farms. The AA consists mainly of small businesses and farms. Approximately 77 percent of businesses and 99 percent of farms report revenues of less than \$1 million. Seventy-five percent of the businesses and farms have less than five employees.

We made one community contact in Lincoln County during this examination. The contact indicated that job opportunities in the energy sector are growing and that local institutions are satisfactorily meeting the credit needs of the community.

## Lake County AA

Demographic Information for Full Scope Area: Lake County 2017						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	2	0.00	0.00	100.00	0.00	0.00
Population by Geography	7,362	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	1,710	0.00	0.00	100.00	0.00	0.00
Business by Geography	634	0.00	0.00	100.00	0.00	0.00
Farms by Geography	13	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	1,817	21.13	18.55	21.19	39.13	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	721	0.00	0.00	100.00	0.00	0.00
Median Family Income		60,701	Median Housing Value	169,959		
FFIEC Adjusted Median Family Income for 2017		63,800	Unemployment Rate (2015 ACS US Census)	3.40%		
Households Below Poverty Level		9%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

Lake County AA has only one municipality, which is the city of Leadville. Leadville is a former silver mining town located in the heart of the Rocky Mountains and the economy is largely supported by tourism and outdoor recreation. Based on the 2015 ACS US Census data, this AA includes two middle-income census tracts with a median family income of \$61,000. There are 1,817 families residing within the AA, of which 40 percent are deemed low- and moderate-income.

This AA is largely comprised of small businesses. Business demographic data as of June 2017 shows the AA is composed of 98 percent businesses and only two percent farms with all farms and 99 percent of businesses reporting revenues of less than or equal to \$1 million. Approximately 10 percent of businesses did not report revenues. Business demographic data indicates that 73 percent of businesses and farms in the AA have less than five employees.

Accommodations and food service is a major industry while the area's largest employer is the Lake County Hospital. As of August 2018, the Lake County unemployment rate was 2.8 percent, which compares favorably to the state unemployment rate of 3.4 percent.