



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 05, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank Colorado

Charter Number 6030

535 Bent Avenue
Las Animas, CO 81054

Office of the Comptroller of the Currency

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Independence Plaza
1050 17th Street
Denver, CO 80265-1050

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

Institution's CRA Rating: This institution is rated **Outstanding**.

The lending test is rated: Outstanding.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- The Lending Test rating is based on First National Bank Colorado's (FNB Colorado) record of performance in meeting the credit needs of its assessment areas (AA) during the evaluation period through lending activities.
 - The loan-to-deposit (LTD) ratio is reasonable given the bank's size, financial condition, and business strategy.
 - FNB Colorado originated a majority of loans inside its combined AAs.
 - The geographic distribution of small business loans across geographies of different income levels is excellent.
 - The bank's borrower distribution reflects excellent distribution of lending to businesses of different sizes within the AAs.
- The Community Development (CD) Test rating is based on the aggregate assessment of the bank's community development activities for loans, investments and donations, and services in the bank's AAs and greater statewide or regional area.
 - The bank's CD activities demonstrated excellent responsiveness to the community needs of the AAs during the review period.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable (considering seasonal variations and accounting for lending related activities) given the institution's size, financial condition, and AA credit needs. Examiners considered the average net LTD ratio's reasonableness in light of information from performance context including, as applicable, the institution's capacity to lend, the capacity of other similarly situated institutions to lend in the AA, demographic and economic factors present in the AA, and the lending opportunities available in the AA.

Examiners analyzed the bank's quarterly average, net LTD ratio for the eight quarters since the prior Community Reinvestment Act (CRA) through December 31, 2021. FNB Colorado's average LTD ratio for the period was 60.5 percent. During the review period the bank's LTD ratio ranged from a high of 63.7 percent as of March 31, 2020, to a low of 53.5 percent as of December 31, 2020. For purposes of comparison, examiners selected four similarly situated banks operating in the same geographic region. The combined average quarterly LTD ratio for these institutions over the same period was 54.3 percent. Their average quarterly LTD ratios ranged from a high of 80.1 percent to a low of 34.7 percent. FNB Colorado posted a ratio comparable to the four similarly situated institutions.

Lending in Assessment Area

A majority of the bank's small business loans are inside its assessment areas.

By number, the bank originated 60.0 percent of its total loans inside the bank's AAs during the evaluation period, based on a representative sample of small business loans. Of note, examiners placed greater weight on the number of loans originated rather than the dollar amount originated during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	24	60.0	16	40.0	40	10,608	46.5	12,214	53.5	22,822
Total	24	60.0	16	40.0	40	10,608	46.5	12,214	53.6	2,822

Description of Institution

FNB Colorado is a \$574.5 million institution as of December 31, 2021, headquartered in Las Animas, CO, a non-metropolitan area in the southeastern part of the state. FNB Colorado is wholly owned by First Bankshares of Las Animas, Inc., and does not have any other affiliates. The institution has no subsidiaries. FNB Colorado operates in six branches outside of the main location in Las Animas including the Colorado communities of La Junta, Rocky Ford, Fowler, Ordway, Monument, and Flying Horse – Colorado Springs. The bank has not opened or closed any offices during the review period. However, at the prior evaluation the bank opened the Flying Horse branch, and based on the limited level of data available, this location was not included in the review. Examiners will apply full consideration of the Flying Horse branch during this evaluation.

The bank has two distinct assessment areas. The first is the Las Animas assessment area, which includes the counties of Baca, Bent, Crowley, Kiowa, Las Animas, Otero, and Powers. This assessment area comprises the majority of the bank's operations as it includes five of the bank's branches. Additionally, four of the counties in this AA are designated as either distressed, underserved, or both. The second assessment area includes the Monument and Flying Horse branches. This assessment area includes census tract codes of northern El Paso County. There are no low-or moderate-income census tracts in this AA.

FNB Colorado offers traditional banking products but is primarily a commercial and agricultural lender. FNB Colorado's loan portfolio totaled \$274.6 million as of December 31, 2021 and is primarily comprised of agriculture real estate and agriculture production loans, which total \$111.1 million. Commercial loans, including real estate and construction total \$104.1 million. Residential real estate totals \$55.5, consumer loans total \$4.7 million and other loans total a remaining \$1.6 million. The bank's Tier 1 Capital totaled approximately \$55.9 million. During the evaluation period the bank originated 895 loans under the Small Business Administration's Paycheck Protection Program (PPP), which amounted to approximately \$ 41.8 million. These loans helped stabilize the local economy during the initial phases of the COVID-19 pandemic, and primarily benefitted small businesses. Of these PPP loans, 599 loans totaling \$14.9 million qualified for Community Development (CD) purposes. Additional detail is provided in the Community Development section.

FNB Colorado received an “Outstanding” rating at its previous Office of the Comptroller of the Currency (OCC) evaluation, dated June 01, 2020, based on Federal Financial Institutions Examination Council (FFIEC) Intermediate-Small Institution CRA Examination Procedures. There were no legal, financial, or other factors impeding the bank’s ability to meet the credit needs in its AAs during the evaluation period.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test included loan originations from January 01, 2020, through December 31, 2021. The evaluation period was shortened from a 3-year to a 2-year evaluation due to lack of available comparable small business loan data for 2022 at the time of the review. Examiners determined the primary loan product for the Lending Test by determining the highest concentration of loans originated by number and dollar volume during the evaluation period. Examiner review determined commercial lending represented the highest concentration by both number and dollar amount for the evaluation period. Of note, PPP lending was not included in the commercial loan sample used to evaluate the Lending Test; PPP loans were considered separately under the Community Development (CD) Test.

The evaluation period for the CD Test similarly included activity from January 01, 2020, through December 31, 2021, due to the shortened evaluation period for the Lending Test. The CD Test included an evaluation of the institutions CD lending, investment and donation, and services activities during the evaluation period. Examiners evaluated the level of CD activity relative to the 2-year evaluation period as opposed to the 3-year evaluation period for consistency with the evaluation approach used for the Lending Test.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is based on its performance in the state of Colorado (CO). The state rating is based on performance in the bank’s two CO AAs. Refer to the “Scope” section under the State Rating section for details regarding how the areas were weighted when arriving at the respective ratings. The performance in the Non-MSA AA was weighted more heavily in the overall conclusion as it represented a greater percentage of the bank’s overall deposit base with 73.8 percent of total deposits as of June 30, 2021.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution (or any affiliate whose loans have been considered as part of the institution's lending performance) 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.

State Rating

State of Colorado

CRA rating for the State of Colorado¹: Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The geographic distribution reflects an excellent distribution of business lending across geographies of different income levels within the bank's AA when considering the impact of lending in low-moderate income tracts in Non-MSA geographies.
- The borrower distribution reflects excellent distribution of lending to businesses of different sizes within the bank's AAs.
- FNB Colorado demonstrated excellent responsiveness to the needs of the bank's AAs through community development loans and qualified investments and donations. Community development lending, including loans originated under the SBA PPP was considered particularly responsive given pandemic impacts.

Description of Institution's Operations in Colorado

FNB Colorado's operations in the state of Colorado are focused on both commercial and agriculture lending in the Non-MSA AA and primarily commercial lending in Colorado Springs MSA AA. The bank continues to offer a traditional line of banking and lending products at each of its branch locations. FNB Colorado operates seven branches and six automated teller machines (ATMs) in its combined AAs. Bank operations are divided into two AA: Non-MSA (Full counties of Baca, Bent, Crowley, Kiowa, Las Animas, Otero, and Prowers) and the Colorado Springs MSA (Partial El Paso County which includes census tracts 0037.01, 0038.01, 0038.02, 0072.01, 0072.02, 0073.00, 0074.00, and 0075.00).

FNB Colorado has 31 census tracts across the combined AAs. One is located in a low-income census tract, twelve are located in moderate-income census tracts and ten are located in distressed or underserved non-metropolitan middle income census tracts. The bank's designated Colorado Springs MSA AA contains no low- or moderate-income census tracts. The bank's designated Non-MSA AA contains the following low- and moderate-income census tracts: Baca County (9646.00, 9647.00 Moderate), Bent County (9667.00 Moderate), Crowley County (9696.00 Moderate), Las Animas (0001.00 Moderate), Otero County (9681.00 Low and 9680.00, 9683.00, 9684.00, 9686.00 Moderate), and Prowers County (0002.00, 0006.00, 0007.00 Moderate). In the Non-MSA AA the bank has the following non-metropolitan middle-income distressed or underserved census tracts: Kiowa County (Tract 9601.00 distressed and underserved), Las Animas County (Tracts 0002.00, 0003.00, 0004.00, 0005.00, 0008.00 underserved), Otero County (Tracts 9682.00, 9685.00 distressed), and Prowers County (0001.00, 0003.00 distressed and underserved).

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

According to the June 30, 2021, FDIC Market Share Report, the bank held \$339 million in deposits in the Non-MSA AA. The bank ranks first out of 17 financial institutions in the Non-MSA AA, representing 19.4 percent market share. The bank faces strong competition in the Colorado Springs AA. As of June 30, 2021, the bank held \$119.9 million in deposits in El Paso County, ranking 20th out of 38 financial institutions, representing 1.1 percent market share. FNB Colorado considers the Non-MSA AA to be the core market area but expanded to the Colorado Springs MSA due to declining lending opportunities in the rural areas of southwestern Colorado. However, as a result of the high level of competition in the Colorado Springs MSA the bank continues to face challenges servicing the full El Paso County.

Colorado Springs MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Colorado Springs						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	8	0.0	0.0	12.5	75.0	12.5
Population by Geography	56,252	0.0	0.0	3.6	89.6	6.8
Housing Units by Geography	19,198	0.0	0.0	3.3	96.7	0.0
Owner-Occupied Units by Geography	14,861	0.0	0.0	0.0	100.0	0.0
Occupied Rental Units by Geography	3,256	0.0	0.0	15.8	84.2	0.0
Vacant Units by Geography	1,081	0.0	0.0	11.7	88.3	0.0
Businesses by Geography	10,970	0.0	0.0	1.1	98.4	0.5
Farms by Geography	265	0.0	0.0	0.0	100.0	0.0
Family Distribution by Income Level	15,174	7.6	8.9	16.0	67.5	0.0
Household Distribution by Income Level	18,117	9.7	7.1	14.6	68.6	0.0
Median Family Income MSA - 17820 Colorado Springs, CO MSA		\$71,351	Median Housing Value			\$376,160
			Median Gross Rent			\$1,362
			Families Below Poverty Level			3.0%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Community Contacts

Examiners conducted interviews with a member of an organization whose mission is to achieve economic prosperity for the region and act as a catalyst for business innovation and growth in Colorado Springs. According to community contact, local banks are doing generally well in meeting small business needs in part due to high competition in the saturated market. The contact described economic conditions in Colorado Springs as being good, with a vibrant small business community. The contact noted that one issue that small businesses are having is finding skilled workers to fill positions as they grow. Due to the low unemployment rate in the Colorado Springs MSA, most skilled workers are already gainfully employed. The contact believes banks could better serve the community by volunteering to help with “upskilling” programs in the local community or by providing a small-dollar

loan program for small businesses. Many small businesses are requesting these types of loans but are having trouble finding banks that offer them.

Non-MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	23	4.3	52.2	43.5	0.0	0.0
Population by Geography	61,920	4.5	57.4	38.2	0.0	0.0
Housing Units by Geography	29,731	4.6	55.3	40.1	0.0	0.0
Owner-Occupied Units by Geography	15,706	4.2	53.9	42.0	0.0	0.0
Occupied Rental Units by Geography	7,385	5.8	54.6	39.6	0.0	0.0
Vacant Units by Geography	6,640	4.1	59.5	36.4	0.0	0.0
Businesses by Geography	5,005	3.9	53.1	43.1	0.0	0.0
Farms by Geography	693	0.6	59.9	39.5	0.0	0.0
Family Distribution by Income Level	15,486	29.4	21.7	21.2	27.6	0.0
Household Distribution by Income Level	23,091	33.8	18.1	18.4	29.7	0.0
Median Family Income Non-MSAs - CO		\$60,701	Median Housing Value			\$104,686
			Median Gross Rent			\$657
			Families Below Poverty Level			14.9%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Community Contacts

The OCC conducted an interview with a community contact from an organization that works to develop the local economy by promoting innovation and competitiveness. The contact stated that southeast Colorado is considered one of the poorest areas of Colorado. The contact expressed belief that affordable housing and access to business credit are the two biggest credit needs for the area. The contact stated southern Colorado needs a packaging source for SBA 504 loans. The contact was new to the position but noted that they talked with an experienced SBA 504 consultant. The consultant stated that every banker they have spoken to would like a locally based organization committed to excellent service.

Scope of Evaluation in Colorado

FNB Colorado delineated two AAs in Colorado, both of which received a full-scope review. The AAs include the Non-MSA and Colorado Springs MSA. The evaluation generally places additional weight on performance in the Non-MSA given the greater volume of deposit and loan activity in the AA in comparison to the Colorado Springs MSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN COLORADO

LENDING TEST

The bank's performance under the Lending Test in Colorado is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's lending performance in the state of Colorado is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the state. Examiners only considered performance within the Non-MSA AA. The Colorado Springs MSA AA contained no low- or moderate-income geographies therefore no meaningful analysis could be conducted.

Small Loans to Businesses

Refer to Table Q in the State of Colorado section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of business loans in the Non-MSA is excellent overall. Though the bank did not originate any loans in low-income census tracts based on the sample of reviewed loans which does not compare favorably to comparator ratios, this is mainly because the number of businesses located in low-income census tracts is low at just 3.9 percent, which limits opportunities for lending within these tracts. Performance is significantly stronger in the moderate-income tracts; the bank's percentage of loans to businesses in moderate-income tracts well exceeds the range of demographic and peer aggregate comparators. Additional weight was placed on performance in moderate-income tracts as there are significantly more businesses located there.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to businesses of different sizes, given the product lines offered by the bank. Examiners placed additional weight on performance in the Non-MSA given the greater volume of deposit and loan activity in the AA in comparison to the Colorado Springs MSA.

Small Loans to Businesses

Refer to Table R in the State of Colorado section of Appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Non-MSA

The distribution of loans to businesses in the Non-MSA is excellent. The bank's percentage of loans to small businesses with revenues of \$1.0 million or less significantly exceeds the percentage of loans to small businesses in the AA and peer aggregate lending performance for reporting institutions.

Colorado Springs MSA

The distribution of loans to businesses in the Colorado Springs MSA is reasonable. The bank's percentage of loans to small businesses with revenues of \$1.0 million or less is below the percentage of such businesses in the AA, but significantly exceeds the peer aggregate lending performance for reporting institutions.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of Colorado is rated Outstanding.

Conclusions for Areas Receiving Full-Scope Reviews

Based on full-scope reviews, the bank exhibits excellent responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for CD in the bank's assessment areas. Responsiveness in the Non-MSA was excellent overall. Responsiveness in the Colorado Springs MSA was adequate. CD activities in the Colorado Springs MSA were limited outside of pandemic-related lending. Performance in the Non-MSA was given greater weight due to the higher proportion of deposit and lending activity in this AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Non-MSA AA	622	93.1	18,572	85.7
Colorado Springs MSA AA	43	6.4	2,628	12.1
Statewide/Regional Loans	3	0.5	478	2.2
Total	668	100	21,678	100

Non-MSA

Total CD lending in the Non-MSA amounted to approximately 33.3 percent of Tier 1 Capital. During the evaluation period, the bank made 765 loans in the Non-MSA area under SBA's PPP, which amounted to approximately \$29.5 million. These loans helped stabilize the local economy during the COVID-19 pandemic. Many of these loans qualify for credit as CD loans. Examiners considered 556

PPP loans totaling \$12.2 million. These loans generally qualify as disaster assistance under the OCC's June 2020 CRA rule, which was in effect part of the bank's evaluation period.

In addition to the PPP loans, the bank originated 66 CD loans in the AA totaling \$6.3 million, which represents 11.3 percent of Tier 1 Capital. Several meaningful examples follow:

- The majority of CD loans included 52 affordable housing loans to LMI individuals and families for their primary residence totaling approximately \$5.3 million. These loans were responsive to the identified and significant need for affordable housing within the bank's AA.
- The bank originated a \$196,000 loan for the purchase of a closed meat processing facility to revitalize and stabilize a non-metropolitan underserved and distressed middle-income geography. This CD loan helped retain a business in the community while creating jobs for low- and moderate-income individuals.
- The bank originated a \$100,000 line of credit for community support services to a nursing home facility. The bank's funding allows the facility to maintain operations while waiting for federal and state receivables from Medicare and Medicaid. The facility primarily serves low- and moderate-income individuals receiving Medicaid.

Colorado Springs MSA

During the evaluation period the bank made 130 loans in the Colorado Springs MSA under SBA's PPP, which amounted to approximately \$12.3 million. These loans helped stabilize the local economy during the COVID-19 pandemic. Many of these loans qualify for credit as CD loans. Examiners considered 43 PPP loans totaling \$2.6 million. These loans generally qualify as disaster assistance under the OCC's June 2020 CRA rule, which was in effect during the bank's evaluation period.

Broader Statewide or Regional Area

The bank received some consideration for CD lending activities outside their delineated AAs. FNB Colorado made three affordable housing loans amounting to \$478,000. These loans allowed for the purchase or refinance of properties for low- or moderate-income individuals.

Number and Amount of Qualified Investments

The Community Development Investments Table, shown below, sets forth the information and data used to evaluate the bank's level of CD investments and donations.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Non-MSA AA	5	664	42	57	47	71.2	721	5.3	0	0
Colorado Springs MSA AA	1	1,174	9	3,354	10	15.2	4,528	33.8	0	0
Statewide/Regional	0	0	9	8,159	9	13.6	8,159	60.9	0	0
Total	6	1,838	60	11,570	66	100	13,408	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Non-MSA

Total qualifying investments and donations in the Non-MSA amounted to approximately 1.3 percent of allocated Tier 1 Capital. During the evaluation period, FNB Colorado made a total of 5 investments and 42 donations totaling \$721 thousand in the Non-MSA area. Several meaningful examples follow:

- The bank made 20 small dollar donations totaling approximately \$35 thousand to youth agricultural programs, such as 4-H and FFA, which promote youth development in areas of leadership, personal growth, and career success. Despite the low dollar volume of donations, examiners concluded such CD donation activities were particularly responsive to community needs as they occurred in all counties within the AA and benefitted students in school districts where the majority of students receive free and reduced lunch.
- The bank made two affordable housing investments totaling \$172 thousand to construct primary residence retirement homes benefitting low- and moderate-income individuals.
- The bank made 2 donations to a local court appointed special advocate organization which focuses on advocating for abused and neglected children from low- and moderate-income homes. The program provides a voice for these children in court and in the community through trained volunteer advocates.

Colorado Springs MSA

Total qualifying investments and donations in the Colorado Springs MSA amounted to approximately 8.1 percent of allocated Tier 1 Capital. During the evaluation period, FNB Colorado made a total of 5 investments and 5 donations totaling \$4.5 million in the Colorado Springs MSA area. Several meaningful examples follow:

- The bank invested in a \$1.2 million bond for a school district to finance capital improvement projects where the majority of students received free and reduced lunch benefitting low- and moderate-income students and their families.
- The bank invested in a \$1.8 million bond for a city within the AA to finance the construction of roads, utility lines, parks and other public infrastructure benefitting low- and moderate-income individuals.

Broader Statewide or Regional Area

In the greater statewide area, the bank made 9 qualified investments totaling \$8.2 million. The investments primarily included 6 education-related bonds for schools where a portion of students are from low income households. Additionally, the remaining CD investments included a bond for public infrastructure improvements benefitting low- and moderate-income individuals, a bond to improve university system infrastructure benefitting low- and moderate-income individuals, and a bond secured by Bridge-to-HUD loans for health care facilities benefitting residents primarily receiving Medicaid.

Extent to Which the Bank Provides Community Development Services

FNB Colorado's level of qualified community services demonstrates adequate responsiveness to the CD needs within each AA. A total of 16 bank employees and directors provided over 965 hours of community development services within the AAs. Bank staff employed expertise from their respective roles in the institution to serve organizations providing a variety of community services-including several healthcare and youth-related programs, organizations focused on providing affordable housing solutions, and organizations focused on economic development and revitalization. In a majority of instances, bank employees demonstrated leadership within these organizations by serving in the role of director, president, and/or treasurer.

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 MSA(s) and non-MSA(s) 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”.

Time Period Reviewed:	01/01/2020 to 12/31/2021	
Bank Products Reviewed:	Lending Test: Small Business Loans Community Development Loans, Qualified Investments, Community Development Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State		
Colorado		
Non-MSA	Full-Scope	Full counties: Baca, Bent, Crowley, Kiowa, Las Animas, Otero, Prowers.
Colorado Springs MSA	Full Scope	Partial El Paso County

Appendix B: Summary of MMSA and State Ratings

RATINGS FIRST NATIONAL BANK OF COLORADO			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/ Multistate Rating
FNB Colorado	Outstanding	Outstanding	Outstanding
State:			
Colorado	Outstanding	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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

Limited-Scope Review: Performance 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.

Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2020-21

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Non-MSA AA	20	5,049	100	655	3.9	0.0	2.6	52.9	65.0	57.0	43.1	35.0	40.5	0.0	0.0	0.0	0.0	0.0	0.0
Total	20	5,049	100	655	3.9	0.0	2.6	52.9	65.0	57.0	43.1	35.0	40.5	0.0	0.0	0.0	0.0	0.0	0.0

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2020-21

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Non-MSA MSA	20	5,049	50	665	80.3	90.0	36.5	4.4	5.0	15.3	5.0
Colorado Springs MSA AA	20	10,152	50	1,809	94.1	75.0	47.3	1.7	25.0	4.2	0.0
Total	40	15,201	100	2,474	89.5	82.5	44.4	2.6	15.0	7.9	2.5

Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.