

# **PUBLIC DISCLOSURE**

March 4, 2024

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Pueblo Bank and Trust Company  
Certificate Number: 12594

301 West 5th Street  
Pueblo, Colorado 81003

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Dallas Regional Office

600 North Pearl Street, Suite 700  
Dallas, Texas 75201

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

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## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**.

An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The majority of loans are inside the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the assessment areas, reasonable penetration among businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation. Therefore, this factor did not affect the Lending Test rating.

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

The institution's community development performance demonstrates excellent responsiveness to community development needs in the assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

## DESCRIPTION OF INSTITUTION

The Pueblo Bank and Trust's operations continue from its headquarters in Pueblo, Colorado. Pueblo Bancorporation a one-bank holding company located in Pueblo, Colorado wholly owns the bank. This CRA evaluation does not consider any affiliate activities. The institution received a Satisfactory CRA rating based on Small Institution Examination Procedures at its previous FDIC evaluation dated April 26, 2021.

The bank functions as a retail bank operating from its main office and ten full-service branch offices located along the Front Range and central portion of Colorado. The institution's branch offices operate in Pueblo, Denver, Castle Rock, Colorado Springs, Longmont, Thornton, Leadville, Canon City, and Salida, Colorado. Since the previous evaluation, the bank opened the office in Thornton,

Colorado in an upper-income census tract. The bank did not close any offices or participate in any merger or acquisition activity.

The Pueblo Bank and Trust offers a full line of loan products including commercial, home mortgage, agriculture, and consumer loans, primarily focusing on commercial lending. The institution also offers construction loans. Further, the bank offers a variety of deposit products and services including checking, savings, money market, certificate of deposit, individual retirement, and health savings accounts. Alternative delivery systems include internet and mobile banking, electronic bill pay, remote deposit capture, and automated teller machines (ATMs). Operating hours are typical for the communities served with extended hours available at drive-up facilities.

As of December 31, 2023, the institution reported total assets of \$625.0 million, total loans of \$444.7 million, and total deposits of \$541.5 million. Since the prior evaluation, total assets increased by 1.8 percent, total loans increased by 19.3 percent, and total deposits decreased by 0.5 percent. The following table illustrates the loan portfolio as of December 31, 2023, reflecting a distribution representative of the institution’s commercial focus.

<b>Loan Portfolio Distribution as of 12/31/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	75,333	16.9
Secured by Farmland	17,730	4.0
Secured by 1-4 Family Residential Properties	50,542	11.4
Secured by Multifamily (5 or more) Residential Properties	10,626	2.4
Secured by Nonfarm Nonresidential Properties	263,120	59.2
<b>Total Real Estate Loans</b>	<b>417,351</b>	<b>93.9</b>
Commercial and Industrial Loans	21,006	4.7
Agricultural Production and Other Loans to Farmers	108	<0.1
Consumer Loans	720	0.2
Obligations of State and Political Subdivisions in the U.S.	5,475	1.2
Other Loans	66	<0.1
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>444,726</b>	<b>100.0</b>

*Source: Reports of Condition and Income*

Examiners did not identify any financial, legal, or other impediments that affected the institution’s ability to meet its assessment areas’ credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. As noted in the following table, The Pueblo Bank and Trust designated five separate assessment areas in the State of Colorado. The assessment areas are comprised of fourteen whole counties. The Boulder and Pueblo Metropolitan Statistical Areas

(MSA) are comprised of whole MSAs, the Colorado Springs and Denver-Aurora-Lakewood (Denver) MSAs are comprised of partial MSAs, and the Colorado nonmetropolitan area (Non-MSA) is comprised of five contiguous nonmetropolitan counties. The institution expanded the Denver MSA assessment area since the prior evaluation by adding Adams County in 2022 and Arapahoe, Broomfield, and Jefferson counties in 2023. Refer to the individual assessment area discussions for more details.

<b>Description of Assessment Areas</b>			
<b>Assessment Area</b>	<b>Counties in Assessment Area</b>	<b># of Census Tracts</b>	<b># of Branches</b>
Boulder MSA	Boulder	78	1
Colorado Non-MSA	Chaffee, Custer, Fremont, Huerfano, Lake	29	3
Colorado Springs MSA	El Paso	167	1
Denver MSA	Adams, Arapahoe, Broomfield, Denver, Douglas, Jefferson	688	3
Pueblo MSA	Pueblo	58	3
<i>Source: Bank Data, 2020 US Census Data; 2023 Assessment Area Designations</i>			

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the prior evaluation dated April 26, 2021, to the current evaluation dated March 4, 2024. Examiners used Intermediate Small Bank Procedures to evaluate The Pueblo Bank and Trust’s CRA performance. The Appendix lists the applicable test’s criteria.

For this evaluation, examiners applied full-scope procedures to the Denver and Pueblo MSA assessment areas and limited-scope procedures to the Boulder, Colorado Non-, and Colorado Springs MSA assessment areas. This evaluation utilized full-scope procedures to review the Pueblo MSA assessment area since this area has the largest percentage of loans and deposits. The Denver MSA assessment area also received full-scope procedures since this area expanded with the opening of a new branch and has the second largest volume of loans. The Boulder MSA, Colorado Non-MSA, and Colorado Springs MSA assessment areas received limited-scope reviews as these areas account for a comparatively lower proportion of the institution’s lending. Assessment area weighting was based on the proportion of lending for each area as noted in the following table; therefore, the Pueblo MSA assessment area received heavier weight when arriving at conclusions and the overall rating.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans*		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Boulder MSA	5,980	7.0	14,062	2.6	1	9.1
Colorado Non-MSA	10,585	12.5	152,636	28.7	3	27.3
Colorado Springs MSA	11,956	14.1	22,270	4.2	1	9.1
Denver MSA	14,825	17.4	36,059	6.8	3	27.3
Pueblo MSA	41,623	49.0	306,984	57.7	3	27.3
<b>Total</b>	<b>84,969</b>	<b>100.0</b>	<b>532,011</b>	<b>100.0</b>	<b>11</b>	<b>100.1</b>

*Source: Bank Data (2021-2023); FDIC Summary of Deposits (6/30/2023) \*Excludes CD loans considered at this evaluation; Due to rounding, totals may not equal 100.0%.*

## Activities Reviewed

Intermediate Small Bank Procedures require examiners to determine the bank’s major product lines from which to review. The following table shows the bank’s overall lending activity for 2023, with Commercial lending constituting the bank’s primary loan type.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	65,406	49.6	79	23.3
Secured by Farmland	1,071	0.8	3	0.9
Secured by 1-4 Family Residential Properties	15,844	12.0	60	17.7
Multi-Family (5 or more) Residential Properties	0	0.0	0	0.0
Commercial Real Estate Loans	26,888	20.4	39	11.5
Commercial and Industrial Loans	20,858	15.8	7	2.0
Agricultural Loans	232	0.2	84	24.8
Consumer Loans	437	0.4	66	19.5
Other Loans	1,000	0.8	1	0.3
<b>Total Loans</b>	<b>131,736</b>	<b>100.0</b>	<b>339</b>	<b>100.0</b>

*Source: Bank Data*

Considering the dollar volume and number of loans originated, as well as management’s stated business strategy, examiners determined that the bank’s major product line consists of small business lending. Since home mortgage, small farm, and consumer loans do not represent major product lines and thus would not materially affect any conclusions or ratings, this evaluation does not include a review of them. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

While the bank is not required to collect and report small business data for CRA, they collected small business data for 2021, 2022, and 2023 for CRA evaluation purposes. Therefore, examiners reviewed 352 small business loans totaling approximately \$52.7 million originated or purchased in 2021, 133 small business loans totaling approximately \$35.7 million originated or purchased in 2022, and 94 small business loans totaling approximately \$25.7 million originated or purchased in

2023. Intermediate Small Banks may elect to have qualifying small business loans considered as community development activities, therefore the Lending Test universe excludes community development loans. D&B data for 2021, 2022, and 2023, as applicable, served as the standard of comparison for small business loans. The evaluation only presents data for 2023 since it represents the most recent full calendar year. While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans better indicates the number of businesses served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the previous CRA evaluation. Examiners evaluated the community development activity quantitatively based on the financial capacity of the bank as well as qualitatively based on the ability and capacity to meet assessment area needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

The Pueblo Bank and Trust demonstrated satisfactory performance regarding the Lending Test. The bank’s performance under all of the evaluated criteria supports this conclusion.

### Loan-to-Deposit Ratio

The LTD is reasonable given the institution’s size, financial condition, and assessment areas’ credit needs. The institution recorded an average net LTD of 74.8 percent over the past 11 calendar quarters since the prior evaluation, increasing from the 64.7 percent reflected at the prior evaluation. The ratio generally increased since the last evaluation though June 30, 2023, and declined thereafter. The ratio ranged from a low of 66.2 percent on December 31, 2021 to a high of 85.0 percent on June 30, 2023.

Examiners identified three comparable institutions based on asset size and lending emphasis, some of which were located outside the bank’s assessment areas. As illustrated in the following table, The Pueblo Bank and Trust’s average net LTD reflects similar or better performance to comparable institutions.

<b>Loan-to-Deposit (LTD) Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets as of 12/31/2023 (\$000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>The Pueblo Bank and Trust, Pueblo, CO</b>	<b>624,971</b>	<b>74.8</b>
AMG National Trust Bank, Boulder, CO	639,997	39.5
First Southwest Bank, Alamosa, CO	547,734	64.7
Timberline Bank, Grand Junction, CO	728,621	76.9
<i>Source: Reports of Condition and Income 06/30/2021 – 12/31/2023</i>		

**Assessment Area Concentration**

A majority of loans are in the institutions assessment areas. The following table shows the bank originated a majority of small business loans, by number and dollar volume, within the assessment areas in 2021, 2022 and 2023.

<b>Lending Inside and Outside of the Assessment Areas</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total #</b>	<b>Dollar Amount of Loans</b>				<b>Total \$ (000)</b>
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>		<b>\$ (000)</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	
Small Business										
2021	281	79.8	71	20.2	352	36,718	69.7	15,986	30.3	52,704
2022	97	72.9	36	27.1	133	23,811	66.6	11,917	33.4	35,728
2023	92	97.9	2	2.1	94	24,440	95.1	1,250	4.9	25,690
<b>Total</b>	<b>470</b>	<b>81.2</b>	<b>109</b>	<b>18.8</b>	<b>579</b>	<b>84,969</b>	<b>74.5</b>	<b>29,153</b>	<b>25.5</b>	<b>114,122</b>
<i>Source: Bank Data (2021 -2023 Small Business Data). Due to rounding, totals may not equal 100.0%.</i>										

**Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. The bank’s reasonable performance in the Pueblo and Denver MSAs support this conclusion. The bank’s performance in the Boulder and Colorado Springs MSAs is consistent with this performance while the performance in the Colorado Non-MSA exceeds overall bank performance. Examiners focused on the percentage of loans in low- and moderate-income census tracts when arriving at conclusions for this performance factor. Refer to the individual assessment area discussions for more details.

**Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas, overall reasonable penetration among businesses of different sizes. The bank’s performance in the Denver MSA was below that of the Pueblo MSA. However, the bank’s reasonable lending performance in the Pueblo MSA was the primary driver for this conclusion as this area received the greatest weight. Additionally, performance in the Boulder, Colorado Springs, and Colorado Non-MSA areas is consistent with the Pueblo MSA and overall bank performance. Examiners focused on the performance of loans to businesses with gross annual revenues of \$1 million or less in the assessment areas when arriving at conclusions for this performance factor. Refer to the individual assessment area discussions for more details.

**Response to Complaints**

The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

## COMMUNITY DEVELOPMENT TEST

The Pueblo Bank and Trust’s performance demonstrates excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments, and community development services, as appropriate considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment areas.

### Community Development Loans

The institution originated 18 community development loans totaling \$48.2 million. This lending level equates to 7.6 percent of average total assets of \$631.9 million, and 11.6 percent of average net loans of \$417.1 million since the prior evaluation. These levels slightly increased from the 7.2 percent of average total assets and decreased from the 12.6 percent of average net loans reported at the prior evaluation. The majority of loans were inside the assessment areas, which the bank adequately addressed; however, the bank received credit for one community development loan within the broader statewide area.

The following tables reflect the number and dollar volume of community development loans extended by year, community development purpose, and assessment area. The bank was responsive to identified community development needs, as a significant portion of the activities helped to revitalize or stabilize low- and moderate-income, distressed, or underserved middle-income geographies. The activities also provided affordable housing and economic development efforts, which are also responsive to community development needs.

<b>Community Development Lending</b>										
<b>Activity Year</b>	<b>Affordable Housing</b>		<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2021	1	3,507	0	0	0	0	5	21,200	6	24,707
2022	0	0	0	0	3	8,990	5	8,930	8	17,920
2023	0	0	0	0	0	0	4	5,559	4	5,559
YTD 2024	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>3,507</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>8,990</b>	<b>14</b>	<b>35,689</b>	<b>18</b>	<b>48,186</b>

*Source: Bank Data*

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Boulder MSA	0	0	0	0	0	0	2	6,081	2	6,081
Colorado Non-MSA	0	0	0	0	0	0	5	3,628	5	3,628
Colorado Springs MSA	0	0	0	0	1	4,400	0	0	1	4,400
Denver MSA	0	0	0	0	1	2,450	5	8,394	6	10,844
Pueblo MSA	1	3,507	0	0	1	2,140	1	1,836	3	7,483
Statewide Activities	0	0	0	0	0	0	1	15,750	1	15,750
<b>Total</b>	<b>1</b>	<b>3,507</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>8,990</b>	<b>14</b>	<b>35,689</b>	<b>18</b>	<b>48,186</b>

*Source: Bank Data*

The following identifies the bank’s statewide community development lending activity.

- **Revitalize and Stabilize** – The bank originated a loan totaling \$15.8 million to finance the construction of four apartment buildings in a moderate-income tract located in an enterprise zone. The demand for housing is high in this area and the apartments will help retain residents in this location. The addition of housing to this area is part of a much larger urban renewal authority project that will bring businesses and residents to this community.

### **Qualified Investments**

As detailed in the following table, the institution made 41 qualified investments totaling \$13.1 million, including grants and donations. This level equates to 2.1 percent of average total assets, and 9.0 percent of average total securities of \$144.5 million since the prior evaluation. These levels increased from the 0.6 percent of average total assets and the 2.1 percent of average total securities reported at the prior evaluation. The majority of investments were inside the assessment areas, which the bank adequately addressed; additionally, the bank received credit for two qualified investments within the broader statewide area.

The bank was responsive to identified community development needs, as a large portion of the activities provided community services to low- and moderate-income families and affordable housing. The activities also provided for economic development efforts and the revitalization and stabilization of low- and moderate-income areas and enterprise zone projects, which are also responsive to community development needs. The following table reflects the number and dollar volume of qualified investments by community development purpose and assessment area.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Boulder MSA	0	0	8	10	0	0	0	0	8	10
Colorado Non-MSA	0	0	0	0	4	6	0	0	4	6
Colorado Springs MSA	1	48	0	0	0	0	0	0	1	48
Denver MSA	1	3,080	3	4,160	2	10	0	0	6	7,250
Pueblo MSA	3	3	12	1,046	1	1	4	6	20	1,056
Statewide Activities	0	0	2	4,680	0	0	0	0	2	4,680
<b>Total</b>	<b>5</b>	<b>3,131</b>	<b>25</b>	<b>9,896</b>	<b>7</b>	<b>17</b>	<b>4</b>	<b>6</b>	<b>41</b>	<b>13,050</b>

Source: Bank Data

The following identifies the bank’s statewide-qualified investment activities.

- **Community Services** – The bank invested in two school district bonds totaling \$4.7 million to build or repair educational facilities with more than half of the students receiving free or reduced lunch.

### Community Development Services

The following tables show that the bank provided 60 community development services since the prior evaluation. This is a significant increase since the prior evaluation, where the bank recorded 20 community development services.

The services at this evaluation involve bank personnel’s use of their technical expertise to benefit organizations or projects in the assessment areas with the primary purpose of community development, as defined by the CRA regulation. A majority of the services benefited community service organizations that provide services to low- and moderate-income individuals, and secondly economic development efforts, which demonstrates the bank’s responsiveness to identified community development needs. The following tables detail the bank’s community development services by year, community development purpose, and assessment area.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	1	6	2	0	9
2022	1	9	5	0	15
2023	0	14	5	1	20
YTD 2024	0	10	5	1	16
<b>Total</b>	<b>2</b>	<b>39</b>	<b>17</b>	<b>2</b>	<b>60</b>

Source: Bank Data

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Boulder MSA	0	4	0	0	4
Colorado Non-MSA	0	2	7	0	9
Colorado Springs MSA	0	0	0	0	0
Denver MSA	0	2	6	0	8
Pueblo MSA	2	31	4	2	39
<b>Total</b>	<b>2</b>	<b>39</b>	<b>17</b>	<b>2</b>	<b>60</b>
<i>Source: Bank Data</i>					

As of the 2020 U.S. Census data, the institution does not operate any branches or ATMs in low-income census tracts; however, less than five percent of the population resides in low-income tracts. The institution operates two branches and two ATMs in moderate-income census tracts which is lower than the area demographics however, reasonably comparable to the area demographics. In addition, one of its branches and ATMS is located in an underserved middle-income census tract.

Branch and ATM Distribution by Geography Income Level								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	48	4.7	190,327	4.5	0	0.0	0	0.0
Moderate	252	24.7	1,070,705	25.4	2	18.2	2	18.2
Middle	381	37.4	1,532,172	36.3	6	54.5	6	54.5
Upper	309	30.3	1,379,467	32.7	3	27.3	3	27.3
NA	30	2.9	49,183	1.2	0	0.0	0	0.0
<b>Total</b>	<b>1,020</b>	<b>100.0</b>	<b>4,221,854</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>	<b>11</b>	<b>100.0</b>
<i>Source: 2020 US Census Data; Bank Data</i>								

Alternative delivery systems in all assessment areas include internet and mobile banking, bank-by-phone, electronic bill pay, and remote deposit capture. In addition to the eleven ATMs in the assessment areas, the bank participates in a surcharge-free ATM network of 55,000 ATMs worldwide, located in popular retail stores, many of which are located in low- and moderate-income geographies.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

## PUEBLO MSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN PUEBLO MSA ASSESSMENT AREA

The Pueblo MSA assessment area is comprised of all geographies within Pueblo County in central Colorado. Pueblo County comprises the entire Pueblo, Colorado MSA.

#### **Economic and Demographic Data**

Based on 2020 U.S. Census Data, the assessment area is comprised of 58 census tracts reflecting the following income designations: 3 low-income, 14 moderate-income, 20 middle-income, 18 upper-income, and 3 without an income designation. Although the assessment area did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census Data increased the overall number of census tracts as well as decreased the number of moderate-income census tracts in the assessment area. The following table illustrates select demographics for the area.

<b>Demographic Information of the Assessment Area</b>						
<b>Pueblo MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	58	5.2	24.1	34.5	31.0	5.2
Population by Geography	168,162	6.0	20.4	37.3	35.3	1.0
Housing Units by Geography	71,284	6.7	22.0	38.2	33.1	0.0
Owner-Occupied Units by Geography	42,440	4.4	15.5	38.1	42.1	0.0
Occupied Rental Units by Geography	22,766	10.7	31.6	39.9	17.6	0.1
Vacant Units by Geography	6,078	7.7	30.9	32.8	28.6	0.0
Businesses by Geography	21,861	3.8	23.1	34.2	38.6	0.3
Farms by Geography	787	4.2	17.3	32.8	45.7	0.0
Family Distribution by Income Level	40,227	22.4	16.7	19.3	41.6	0.0
Household Distribution by Income Level	65,206	25.0	15.5	17.8	41.7	0.0
Median Family Income MSA - 39380 Pueblo, CO MSA	\$62,959	Median Housing Value			\$163,621	
		Median Gross Rent			\$858	
		Families Below Poverty Level			13.0%	
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>						

The Federal Emergency Management Agency (FEMA) issued a disaster declaration on March 28, 2020, which ran through May 11, 2023, affecting the assessment area due to the Coronavirus Disease 2019 (COVID-19) pandemic.

According to Moody’s Analytics, the Pueblo MSA’s economy is wrestling to emerge from protracted stagnation. Recent gains in nonfarm payrolls have offset losses from earlier in 2023, keeping overall employment stagnant since early 2022. Professional/business services, government,

and retail trade are largely behind the underperformance. The jobless rate held steady in 2023 and is highest among the area's peers in Colorado. The single-family housing market has seen better days, with house prices remaining nearly flat despite a small decrease in inventories. Gains across most consumer services and new investment in manufacturing will fuel healthy in-migration. In the long term, the area will likely outperform the nation in job growth, but a less favorable industrial mix will cause it to lag the Colorado average.

Moody's Analytics noted the Pueblo MSA major employers include Parkview Medical Center, Walmart Inc., Evraz Rocky Mountain Steel Mills, Vestas, and St. Mary-Corwin Medical Center.

### **Competition**

The Pueblo MSA has a low level of competition for financial services. According to June 30, 2023 FDIC Deposit Market Share data, 14 financial institutions operated 37 offices in the assessment area. Of these institutions, The Pueblo Bank and Trust ranked third with approximately 13.8 percent of the area deposits.

### **Community Contact**

As part of the evaluation process, examiners obtain information from third parties knowledgeable of the assessment area to assist in identifying credit and community development needs of the area. This information not only helps in identifying credit and community development needs and opportunities, but also assists in determining whether local financial institutions are responsive to those needs.

Examiners reviewed information from an existing community contact with a representative of an economic development organization located in the assessment area. The contact noted the area experienced a slow down during the pandemic and the supply chain disruption affected businesses in the area; however, the area has been experiencing a rebound. The contact noted that there is a shortage of affordable housing and the demand for such is high. The contact was not aware of any banking or credit needs in the area and noted that the local community banks are extremely involved in the community.

### **Credit and Community Development Needs and Opportunities**

Considering information obtained from the community contact, demographic data, and bank management, examiners determined that home mortgage and small business loans represent the primary credit needs of the assessment area. Home mortgage loans, especially for affordable housing are noted needs in the area to sustain an adequate workforce. Small business loans are a need for the area and are generally filled by local financial institutions.

With respect to community development needs, demographic data shows that 39.1 percent of families are low- or moderate-income suggesting the need for affordable housing as well as activities that benefit projects or organizations that provide community services targeted to these families. Demographic data also shows that 29.3 percent of the census tracts received low- or moderate-income designation and the federal disaster designation suggests a need for activities that

revitalize or stabilize qualifying geographies. Additionally, opportunities exist for spurring economic development to support opportunities in designated Enterprise Zones.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN PUEBLO MSA ASSESSMENT AREA

### LENDING TEST

The Pueblo Bank and Trust demonstrated satisfactory performance under the Lending Test in the Pueblo MSA assessment area. Reasonable Geographic Distribution and Borrower Profile performance support this conclusion.

#### Geographic Distribution

The geographic distribution of small business loans reflects reasonable distribution throughout the Pueblo MSA assessment area. The reasonable performance in both low-income and moderate-income census tracts supports this conclusion.

The following table shows that the level of lending in low-income census tracts exceeds demographic data by 4.4 percentage points, reflective of reasonable performance. Further, the table shows that the level of lending in moderate-income tracts exceeds demographic data by 1.4 percentage points, reflective of reasonable performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Pueblo MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	3.8	4	8.2	1,729	15.5
Moderate	23.1	12	24.5	2,630	23.6
Middle	34.2	18	36.7	3,821	34.2
Upper	38.6	15	30.6	2,990	26.8
Not Available	0.3	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>11,170</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

#### Borrower Profile

The distribution of small business loans reflects reasonable penetration of loans to businesses of different sizes. The reasonable level of lending to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

The following table shows that the bank originated nearly 7 out of every 10 small business loans to businesses with gross annual revenues of \$1.0 million or less, reflecting reasonable performance. This level trails demographics by 24.7 percentage points, but is still at a reasonable level.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Pueblo MSA Assessment Area					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	92.0	33	67.3	5,319	47.6
>\$1,000,000	1.7	16	32.7	5,851	52.4
Revenue Not Available	6.3	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>49</b>	<b>100.0</b>	<b>11,170</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data.; Due to rounding, totals may not equal 100.0%</i>					

## COMMUNITY DEVELOPMENT TEST

The institution’s community development performance demonstrates excellent responsiveness to community development needs in the Pueblo MSA assessment area through a combination of community development loans, qualified investments, and community development services, as appropriate considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment area.

### Community Development Loans

Since the prior evaluation, The Pueblo Bank and Trust originated three community development loans totaling \$7.5 million in the Pueblo MSA assessment area. This dollar level increased since the prior evaluation, when the institution originated three community development loans totaling \$3.5 million in the Pueblo MSA assessment area. The community development loans made in the area represent 15.6 percent of the total community development loans the bank made during the evaluation period. The community development loans provided for affordable housing, economic development, and revitalization or stabilization efforts, which were identified needs in the assessment area.

The following are examples of community development loans in the Pueblo MSA assessment area.

- ***Affordable Housing*** – The bank originated a \$3.5 million loan for the conversion of a historic building located in a moderate-income tract that is part of an urban renewal area into a food hall and 28 units of affordable housing for low- and moderate-income families. This loan was part of a larger complex and innovative project involving other financial institutions, community development financial institutions, housing authorities, and tax credits. The food hall operates as an incubator for five new local restaurants including business and financial mentorship to help the restaurants succeed in a future permanent location.
- ***Revitalize and Stabilize*** – The bank originated a \$1.8 million loan for the construction of a new restaurant in a moderate-income tract. The creation of this restaurant will help retain residents and provide a number of jobs for low- and moderate-income families.

## **Qualified Investments**

The bank made 20 qualified investments and donations totaling \$1.1 million benefitting the assessment area. The investments made in the area represent 8.4 percent of the total investments the bank made during the evaluation period. This number and dollar volume of qualified investments increased since the prior evaluation when the institution made 11 qualified investments totaling \$26,000 in the Pueblo MSA assessment area.

The following is an example of a qualified investment in the area.

- ***Community Service*** - The bank invested in a school district bond totaling \$1.0 million to build or repair educational facilities that provide services to low- and moderate- income families as reflected by more than half of the students in the district receiving free or reduced lunch.

## **Community Development Services**

As shown in the Community Development Services table under rated area, the bank provided 39 community development services in the Pueblo MSA assessment area. This level represents 65.0 percent of the overall level of community development services, while the assessment area accounts for 27.3 percent of the bank's offices. This level increased compared to the prior evaluation when the bank recorded 12 community development services.

The following are examples of community development services benefiting the Pueblo MSA assessment area.

- ***Community Service*** – An employee provides financial expertise while serving on the finance committee of a local non-profit organization that seeks to address the most critical issues of the community through various health and human service agencies, primarily targeting low- and moderate-income families in the assessment area.
- ***Economic Development*** – An employee provides financial expertise while serving on the Board of a local non-profit organization dedicated to business development, expansion, and creation of jobs that primarily employ low- and moderate-income personnel.

As of the 2020 U.S. Census, the institution does not operate any offices in low-income tracts; however, they operate one branch and two ATMs in moderate-income census tracts in this assessment area. Therefore, 33.3 percent of the branches in the Pueblo MSA assessment area are located in low- and moderate-income tracts, which is comparable to the demographics. Demographic data for the area reveals 6.0 percent of the population reside in low-income tracts and 20.4 percent of the population reside in moderate-income tracts. The availability of alternative delivery systems in this assessment area remains consistent with that discussed at the institution level. Additionally, according to the 2015 ACS data, two of the three branches were located in moderate-income census tracts.

## DENVER MSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN DENVER MSA ASSESSMENT AREA

The Denver MSA assessment area is comprised of all geographies within Adams, Arapahoe, Broomfield, Denver, Douglas, and Jefferson Counties in Colorado. These counties comprise 6 of the 10 counties that make up the Denver-Aurora-Lakewood Colorado MSA. The assessment area expanded significantly since the prior evaluation to include Adams, Arapahoe, Broomfield, and Jefferson counties.

#### **Economic and Demographic Data**

Based on 2020 U.S. Census Data, the assessment area is comprised of 688 census tracts reflecting the following income designations: 37 low-income, 173 moderate-income, 246 middle-income, 213 upper-income, and 19 without an income designation. The assessment area expansion and changes in demographic data based on 2020 U.S. Census Data increased the overall number of census tracts as well as increased the number of low- and moderate-income census tracts in the assessment area. The following table illustrates select demographics for the area.

<b>Demographic Information of the Assessment Area</b>							
<b>Denver MSA Assessment Area</b>							
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>	
Geographies (Census Tracts)	688	5.4	25.1	35.8	31.0	2.8	
Population by Geography	2,905,164	5.2	26.9	34.0	33.0	0.9	
Housing Units by Geography	1,124,255	5.1	26.8	35.4	31.5	1.2	
Owner-Occupied Units by Geography	690,922	2.9	21.2	36.8	38.6	0.5	
Occupied Rental Units by Geography	383,711	9.1	36.5	33.5	18.7	2.3	
Vacant Units by Geography	49,622	5.8	29.8	31.8	30.5	2.1	
Businesses by Geography	739,924	4.1	22.6	32.0	37.8	3.4	
Farms by Geography	12,407	4.4	22.9	34.4	36.3	1.9	
Family Distribution by Income Level	670,748	20.2	18.2	21.9	39.7	0.0	
Household Distribution by Income Level	1,074,633	22.6	17.1	19.0	41.4	0.0	
Median Family Income MSA - 19740 Denver-Aurora-Lakewood, CO MSA						Median Housing Value	\$429,354
						Median Gross Rent	\$1,458
						Families Below Poverty Level	5.4%
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>							

FEMA issued a disaster declaration on March 28, 2020, which ran through May 11, 2023, affecting the assessment area due to the COVID-19 pandemic.

According to Moody's Analytics, the Denver MSA's economy has backtracked noticeably. Weakness has been broad-based across the private sector, with construction faring especially poorly. A recent uptick in the jobless rate above 3 percent as well as a shrinking labor force means that weakness also extends into the household survey. Single-family house prices are still below their mid-2022 peak following a relatively steep correction, but a limited inventory of homes for sale is pushing prices higher again. The area will move past its recent slump and outperform the nation in the near term. A return to growth for logistics and white-collar industries will provide support, albeit with slower growth than last decade. Commercial builders, however, will largely remain on the sidelines.

Moody's Analytics noted the Denver MSA major employers include HealthONE, UCHealth: University of Colorado Hospital, Lockheed Martin Corp., Continental-United Airlines, Children's Hospital Colorado, Centura Health, and Comcast to name a few.

### **Competition**

The Denver MSA remains competitive for financial services. According to June 30, 2023 FDIC Deposit Market Share data, 66 financial institutions operated 582 offices in the assessment area. Of these institutions, The Pueblo Bank and Trust ranked 53<sup>rd</sup> with less than 0.1 percent of the area deposits.

### **Community Contacts**

As part of the evaluation process, examiners obtain information from third parties knowledgeable of the assessment area to assist in identifying credit and community development needs of the area. This information not only helps in identifying credit and community development needs and opportunities, but also assists in determining whether local financial institutions are responsive to those needs.

Examiners reviewed information from two existing community contacts with representatives of economic development organizations located in the assessment area. Both contacts noted that economic conditions remain relatively strong, but mixed among geographical areas. The economy slowed in 2023; however, was still one of fastest growing populations, which affect affordability. One contact noted general banking and credit needs as affordable housing. Small and micro businesses as well as lower income households sustained a greater blow during the pandemic with an increased inequality gap. The second contact noted the need for technical assistance, education programs, and incubators for entrepreneurs and small business developers. Additionally, there is a need for flexible lending programs and credit education to assist startup developers to grow and prosper. One contact noted limited financial institution participation with micro lending and entrepreneurial partnerships. While the second contact noted a need for partnerships between banks and non-profit organizations to support the community.

### **Credit and Community Development Needs and Opportunities**

Considering information obtained from the community contacts, demographic data, and bank management, examiners determined that home mortgage and small business loans represent the

primary credit needs of the assessment area. Small business loans, in particular those with flexible terms or partially forgivable credit, as well as small business development services to foster relationships for education and mentorship to assist in the survival of typically overlooked small businesses remain in demand to support equitable growth. Home mortgage loans, especially for affordable housing are noted needs in the area to sustain an adequate workforce.

With respect to community development needs, demographic data shows that 38.4 percent of families are low- or moderate-income suggesting the need for affordable housing as well as activities that benefit projects or organizations that provide community services targeted to these families. Demographic data also shows that 30.5 percent of the census tracts received low- or moderate-income designation and the federal disaster designation suggests a need for activities that revitalize or stabilize qualifying geographies. Additionally, opportunities exist for spurring economic development to support opportunities in designated Enterprise Zones.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN DENVER MSA ASSESSMENT AREA**

### **LENDING TEST**

The Pueblo Bank and Trust demonstrated satisfactory performance under the Lending Test in the Denver MSA assessment area. The reasonable level of Geographic Distribution performance outweighed poor Borrower Profile performance.

### **Geographic Distribution**

The geographic distribution of small business loans reflects reasonable distribution throughout the Denver MSA assessment area. The reasonable performance in both low-income and moderate-income census tracts supports this conclusion.

The following table show that the level of lending in low-income census tracts exceeds demographic data by 6.4 percentage points, reflective of reasonable performance. Further, the table shows that the level of lending in moderate-income tracts lags demographic data by 1.5 percentage points, reflective of reasonable performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Denver MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	4.1	2	10.5	550	6.9
Moderate	22.6	4	21.1	1,394	24.4
Middle	32.0	8	42.1	3,072	45.4
Upper	37.8	52	26.3	1,866	23.4
Not Available	3.4	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>6,882</b>	<b>100.1</b>
<i>Source: 2023 D&amp;B Data; Bank Data; Due to rounding, totals may not equal 100.0%.</i>					

**Borrower Profile**

The distribution of small business loans reflects poor penetration of loans to businesses of different sizes. The poor level of lending to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

The following table shows that the bank originated just over 4 out of every 10 small business loans to businesses with gross annual revenues of \$1.0 million or less, reflecting poor performance. This level trails demographics by 52.2 percentage points. While performance was poor and stated as being reflective of lending in this area, the performance in 2021 and 2022 was noted at a more reasonable level compared to demographic data.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Denver MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.3	8	42.1	2,848	41.4
>\$1,000,000	1.6	11	57.9	4,034	58.6
Revenue Not Available	4.1	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>19</b>	<b>100.0</b>	<b>6,882</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data.; Due to rounding, totals may not equal 100.0%</i>					

**COMMUNITY DEVELOPMENT TEST**

The Pueblo Bank and Trust demonstrated an outstanding record regarding the Community Development Test in the Denver MSA assessment area. The institution’s community development performance demonstrates excellent responsiveness to community development needs in the Denver MSA assessment area through a combination of community development loans, qualified investments, and community development services, as appropriate considering the institution’s capacity and the need and availability of such opportunities for community development in the institution’s assessment area.

**Community Development Loans**

Since the prior evaluation, The Pueblo Bank and Trust originated six community development loans totaling \$10.8 million in the Denver MSA assessment area. The number of loans increased however, the dollar volume decreased since the prior evaluation, when the institution originated five community development loans totaling \$21.9 million in the Denver MSA assessment area. The community development loans made in the area represent 22.4 percent of the total community development loans the bank made during the evaluation period. The community development loans primarily provided for revitalization or stabilization efforts in the assessment area as well as economic development.

The following are examples of community development loans in the Denver MSA assessment area.

- ***Revitalize and Stabilize*** – The bank originated 3 loans totaling \$4.4 million loan for the refinance of business located in low- and moderate-income tracts. These loans help retain

existing businesses and residents in low- and moderate-income areas.

- ***Revitalize and Stabilize*** – The bank originated a \$1.5 million loan for the construction of a business located in a moderate-income tract. The creation of this business will help retain residents and provide additional jobs for low- and moderate-income families.

### **Qualified Investments**

As shown in the Qualified Investment table under the Institution section, The Pueblo Bank and Trust made 6 qualified investments and donations totaling \$7.3 million benefitting the assessment area. The investments made in the area represent 55.7 percent of the total investments the bank made during the evaluation period. This number and dollar volume of qualified investments increased since the prior evaluation when the institution made one qualified investment for \$2.6 million in the Denver MSA assessment area.

The following are examples of qualified investments in the area.

- ***Community Service*** - The bank retained two school district bonds with outstanding balances totaling \$4.2 million to build or repair educational facilities with more than half of the students receiving free or reduced lunch.
- ***Affordable Housing*** – The bank invested in a bond totaling \$3.0 million used to construct a 103-unit mixed use apartment community with all units priced for low- and moderate-income families. This complex qualifies for low-income housing tax credits thereby meeting requirements for affordable housing.

### **Community Development Services**

The bank provided 8 community development services in the Denver MSA assessment area. This level represents 1.3 percent of the overall level of community development services, while the assessment area accounts for 27.3 percent of the bank’s offices. This level increased compared to the prior evaluation when the bank recorded one community development service.

The following are examples of community development services benefitting the Denver MSA assessment area.

- ***Economic Development*** – An employee provides financial expertise to an organization that provides SBA financing while analyzing loan requests, reviewing, and voting on SBA credit applications. Therefore, this meets the purpose of economic development by assisting in the finance of small businesses.

***Economic Development*** – An employee provides financial expertise while serving on the Board of an organization that fosters the economic growth of diverse small businesses by providing financing to small businesses that do not meet traditional lending guidelines. The lending programs offered by the organization are SBA or micro lending programs, thus helping to create permanent jobs in the area.

As of the 2020 U.S. Census, the institution does not operate any offices in low- or moderate-income tracts in this assessment area; however, one branch and ATM is within a reasonably close proximity to serve such geographies, and the institution provides some alternative delivery systems that help avail its services to low- and moderate-income individuals and geographies. The availability of alternative delivery systems in the Denver MSA assessment area remains consistent with that discussed at the institution level.

## **BOULDER MSA ASSESSMENT AREA – Limited-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN BOULDER MSA ASSESSMENT AREA**

The Boulder MSA assessment area includes all of Boulder County. This assessment area encompasses 78 census tracts reflecting the following income designations based on 2020 U.S. Census Data: 4 low-income tracts, 13 moderate-income tracts, 32 middle-income tracts, 26 upper-income tracts, and 3 tracts without an income designation. Although the assessment area did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census Data increased the overall number of census tracts, however, decreased the number of low- and moderate-income census tracts in the assessment area. The following table illustrates select demographic data for the area.

<b>Demographic Information of the Assessment Area</b>						
<b>Boulder MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	78	5.1	16.7	41.0	33.3	3.8
Population by Geography	330,758	4.6	16.0	43.2	33.4	2.8
Housing Units by Geography	135,409	3.2	16.5	44.8	31.6	3.9
Owner-Occupied Units by Geography	81,061	1.7	14.2	44.2	38.6	1.3
Occupied Rental Units by Geography	46,304	5.8	21.2	44.3	21.0	7.6
Vacant Units by Geography	8,044	3.3	13.4	52.9	21.2	9.2
Businesses by Geography	108,900	1.9	27.6	35.2	33.6	1.7
Farms by Geography	2,359	1.5	24.0	40.5	32.9	1.1
Family Distribution by Income Level	73,244	20.5	17.8	21.3	40.5	0.0
Household Distribution by Income Level	127,365	25.9	15.1	16.9	42.2	0.0
Median Family Income MSA - 14500 Boulder, CO MSA	\$118,307	Median Housing Value				\$593,196
		Median Gross Rent				\$1,609
		Families Below Poverty Level				4.2%
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>						

## CONCLUSIONS ON PERFORMANCE CRITERIA IN BOULDER MSA ASSESSMENT AREA

### LENDING TEST

The Pueblo Bank and Trust’s lending performance in the Boulder MSA assessment area is consistent with the institution’s lending performance overall. The following tables provide quantitative data regarding the loan distribution performance factors.

#### Geographic Distribution

<b>Geographic Distribution of Small Business Loans Boulder MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	1.9	0	0.0	0	0.0
Moderate	27.6	2	33.3	1,250	53.8
Middle	35.2	3	50.0	83	3.6
Upper	33.6	1	16.7	990	42.6
Not Available	1.7	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>2,323</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

#### Borrower Profile

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Boulder MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.8	4	66.7	2,303	99.1
>\$1,000,000	1.5	2	33.3	20	0.9
Revenue Not Available	3.7	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>6</b>	<b>99.9</b>	<b>2,323</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data.. Due to rounding, totals may not equal 100.0%</i>					

### COMMUNITY DEVELOPMENT TEST

The institution’s community development performance in the Boulder MSA assessment area is consistent with the institution’s community development performance overall. Refer to the Institution Community Development Test section for additional details on community development activities in the Boulder MSA assessment area.

## COLORADO NON-MSA ASSESSMENT AREA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN COLORADO NON-MSA ASSESSMENT AREA

The Colorado Non-MSA assessment area includes all of Chaffee, Custer, Fremont, Huerfano, and Lake Counties. This assessment area encompasses 29 census tracts reflecting the following income designations based on 2020 U.S. Census Data: 6 moderate-income tracts, 17 middle-income tracts, 3 upper-income tracts, and 3 tracts without an income designation. Although the assessment area did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census Data increased the overall number of census tracts, however, decreased the number of moderate-income census tracts in the assessment area. The following table illustrates select demographic data for the area.

<b>Demographic Information of the Assessment Area</b>						
<b>Colorado Non-MSA Assessment Area</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	29	0.0	20.7	58.6	10.3	10.3
Population by Geography	87,375	0.0	20.0	62.3	9.5	8.1
Housing Units by Geography	45,060	0.0	23.1	68.9	8.0	0.0
Owner-Occupied Units by Geography	26,167	0.0	19.2	70.9	9.9	0.0
Occupied Rental Units by Geography	8,574	0.0	32.3	62.2	5.5	0.0
Vacant Units by Geography	10,319	0.0	25.4	69.6	5.0	0.0
Businesses by Geography	16,159	0.0	20.3	71.2	8.4	0.1
Farms by Geography	786	0.0	21.9	67.2	10.9	0.0
Family Distribution by Income Level	22,061	22.8	19.8	20.2	37.2	0.0
Household Distribution by Income Level	34,741	26.6	16.9	19.0	37.4	0.0
Median Family Income Non-MSAs - CO		\$72,390	Median Housing Value			\$259,819
			Median Gross Rent			\$920
			Families Below Poverty Level			9.0%
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>						

### CONCLUSIONS ON PERFORMANCE CRITERIA IN COLORADO NON-MSA ASSESSMENT AREA

#### LENDING TEST

The Pueblo Bank and Trust’s lending performance in the Colorado Non-MSA assessment area is consistent with the institution’s lending performance overall. The bank’s Geographic Distribution performance in this area was excellent. The following tables provide quantitative data regarding the loan distribution performance factors.

**Geographic Distribution**

<b>Geographic Distribution of Small Business Loans Colorado Non-MSA Assessment Area</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	0.0	0	0.0	0	0.0
Moderate	20.3	5	55.6	1,140	71.2
Middle	71.2	1	11.1	22	1.4
Upper	8.4	3	33.3	440	27.5
Not Available	0.1	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>1,602</b>	<b>100.1</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

**Borrower Profile**

<b>Distribution of Small Business Loans by Gross Annual Revenue Category Colorado Non-MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	93.1	7	77.8	1,187	74.1
>\$1,000,000	1.2	2	22.2	415	25.9
Revenue Not Available	5.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>1,602</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data.. Due to rounding, totals may not equal 100.0%</i>					

**COMMUNITY DEVELOPMENT TEST**

The institution’s community development performance in the Colorado Non-MSA assessment area is consistent with the institution’s community development performance overall. Refer to the Institution Community Development Test section for additional details on community development activities in the Colorado Non-MSA assessment area.

**COLORADO SPRINGS MSA ASSESSMENT AREA – Limited-Scope Review**

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN COLORADO SPRINGS MSA ASSESSMENT AREA**

The Colorado Springs MSA assessment area includes all of El Paso County, one of the two counties that comprise the Colorado Springs MSA. This assessment area encompasses 167 census tracts reflecting the following income designations based on 2020 U.S. Census Data: 4 low-income tracts, 46 moderate-income tracts, 66 middle-income tracts, 49 upper-income tracts, and 2 tracts without an income designation. Although the assessment area did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census Data increased the overall number of census tracts and moderate-income tracts, however, decreased the number of low-income census tracts in the assessment area. The following table illustrates select demographic data for the area.

Demographic Information of the Assessment Area						
Colorado Springs MSA Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	167	2.4	27.5	39.5	29.3	1.2
Population by Geography	730,395	1.9	25.2	39.1	33.2	0.6
Housing Units by Geography	276,538	2.1	27.6	40.2	29.8	0.3
Owner-Occupied Units by Geography	171,408	1.3	19.7	41.8	37.0	0.3
Occupied Rental Units by Geography	91,372	3.7	41.7	37.9	16.2	0.5
Vacant Units by Geography	13,758	1.8	32.6	34.0	31.3	0.4
Businesses by Geography	146,203	1.4	26.6	36.1	35.3	0.6
Farms by Geography	3,354	0.8	23.8	42.9	31.8	0.7
Family Distribution by Income Level	178,757	18.9	18.6	21.9	40.6	0.0
Household Distribution by Income Level	262,780	22.7	16.5	19.2	41.5	0.0
Median Family Income MSA - 17820 Colorado Springs, CO MSA		\$83,751	Median Housing Value			\$301,087
			Median Gross Rent			\$1,244
			Families Below Poverty Level			6.6%
<i>Source: 2020 U.S. Census and 2023 D&amp;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.</i>						

## CONCLUSIONS ON PERFORMANCE CRITERIA IN COLORADO SPRINGS MSA ASSESSMENT AREA

### LENDING TEST

The Pueblo Bank and Trust’s lending performance in the Colorado Springs MSA assessment area is consistent with the institution’s lending performance overall. The following tables provide quantitative data regarding the loan distribution performance factors.

### Geographic Distribution

Geographic Distribution of Small Business Loans					
Colorado Springs MSA Assessment Area					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	1.4	1	11.1	100	4.1
Moderate	26.6	2	22.2	490	19.9
Middle	36.1	1	11.1	500	20.3
Upper	35.3	5	55.6	1,373	55.8
Not Available	0.6	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>2,463</b>	<b>100.1</b>
<i>Source: 2023 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## **Borrower Profile**

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Colorado Springs MSA Assessment Area</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.6	7	77.8	1,863	75.6
>\$1,000,000	1.2	2	22.2	600	24.4
Revenue Not Available	4.2	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>2,463</b>	<b>100.0</b>
<i>Source: 2023 D&amp;B Data, Bank Data.; Due to rounding, totals may not equal 100.0%</i>					

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance in the Colorado Springs MSA assessment area is consistent with the institution's community development performance overall. Refer to the Institution Community Development Test section for additional details on community development activities in the Colorado Springs MSA assessment area.

## APPENDICES

### INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

#### **Lending Test**

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

#### **Community Development Test**

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

## GLOSSARY

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

**American Community Survey (ACS):** A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

**Area Median Income:** The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

**Assessment Area:** A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

**Census Tract:** A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

**Combined Statistical Area (CSA):** A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

**Community Development:** For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

**Community Development Corporation (CDC):** A CDC allows banks and holding companies to make equity type of investments in community development projects. Institution CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Institution CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

**Community Development Financial Institutions (CDFIs):** CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

**Community Development Loan:** A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose institution:
  - (i) Has not been reported or collected by the institution or an affiliate for consideration in the institution's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
  - (ii) Benefits the institution's assessment area(s) or a broader statewide or regional area including the institution's assessment area(s).

**Community Development Service:** A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the institution's retail banking services under § 345.24(d).

**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.

**Core Based Statistical Area (CBSA):** The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

**Distressed Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

**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. Other family 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).

**FFIEC-Estimated Income Data:** The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

**Full-Scope Review:** A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, 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 do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

**Home Mortgage Loans:** Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

**Housing Unit:** Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

**Limited-Scope Review:** A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, 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.

**Low Income Housing Tax Credit:** The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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

**Median Income:** The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

**Metropolitan Division (MD):** A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

**Multi-family:** Refers to a residential structure that contains five or more units.

**Nonmetropolitan Area** (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

**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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

**Rural Area:** Territories, populations, and housing units that are not classified as urban.

**Small Business Investment Company (SBIC):** SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

**Small Business Loan:** A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small Farm Loan:** 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Underserved Middle-Income Nonmetropolitan Geographies:** A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

**Urban Area:** All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.