



PUBLIC DISCLOSURE

July 30, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank, Cortez
Charter Number 14833

2258 East Main Street
Cortez, CO 81321

Office of the Comptroller of the Currency

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

The Lending Test is rated: Satisfactory.

- The bank's loan to deposit ratio (LTD) is reasonable given the bank's size, financial condition, and market competition.
- FNBC originates a substantial majority of its loans in the AA.
- The distribution of commercial and consumer loans to borrowers of different income levels and businesses of different sizes is satisfactory.
- The geographic distribution of commercial and consumer loans in moderate income areas is excellent.

Definitions and Common Abbreviations

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

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

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

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

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

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

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

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

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

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

Description of Institution

FNB Cortez (FNBC) is a community bank headquartered in Cortez, Colorado, which is a non-metropolitan area in the southwestern part of the state. As of March 31, 2018, FNBC had \$101 million in total assets and net loans of \$52 million, or 51 percent of total assets. FNBC’s Tier 1 capital totals \$10.6 million. The bank operates one main office and one full-service ATM. FNBC does not operate under a holding company structure and there are no affiliates. Bank management has designated one assessment area (AA), consisting of two adjacent rural counties in Colorado: Montezuma and Dolores. There are no financial or legal impediments that hinder the bank’s ability to help meet the credit needs of the AA.

The bank faces strong competition from numerous community and regional banks in its AA as well as those financial institutions located in adjacent counties. As of June 30, 2017 the bank ranked 3rd in deposit market share holding 17 percent of AA deposits as reported by the FDIC. Competition for small business loans is particularly strong with one local bank specializing in SBA lending and designated as a Community Development Financial Institution.

The bank offers a variety of deposit and loan products to individuals and small businesses including home mortgage loans. A portion of home mortgage loans are sold on the secondary market after origination. As of March 31, 2018, the loan portfolio by dollar volume consists of: Commercial (13 percent), Real Estate (69 percent), Agricultural (10 percent), Consumer (5 percent), and municipals (3 percent). Based on loan originations for the three calendar years ending 2017, commercial loans are the primary lending product by dollar volume and consumer loans by number of loan originations. The following table shows the dispersion of loan originations.

Loan Originations 2015-2017		
Product	% by dollars	% by number
Commercial	57%	25%
Residential Real Estate	15%	10%
Agricultural	20%	13%
Individual	6%	46%
Other	2%	6%

The bank was rated Satisfactory at the September 23, 2013 Community Reinvestment Act (CRA) examination. Additional details about the bank can be found in its Public File, which is maintained at the main office.

Scope of the Evaluation

Evaluation Period/Products Evaluated

FNBC was evaluated under the Small Bank performance criteria, which includes a lending test. The lending test evaluates the bank's record of meeting credit needs of its AA through its lending activities. Conclusions regarding FNBC's lending performance are based on commercial and consumer loans originated from January 1, 2015 to December 31, 2017. Our sample included 40 commercial loans and 40 consumer loans. Due to tract changes identified in the American Community Survey (ACS), we performed two analysis; one for the period 2015-2016 and one for 2017.

Data Integrity

Not applicable. The institution is not a Home Mortgage Disclosure Act reporter.

Selection of Areas for Full-Scope Review

We performed a full-scope review of the Cortez AA.

Ratings

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

Discriminatory or Other Illegal Credit Practices Review

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

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

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

Conclusions with Respect to Performance Tests

The bank's performance under the lending test is rated satisfactory. The LTD ratio is reasonable and management originated a substantial majority of loans within FNBC's AA. Lending to borrowers of different incomes and businesses of different sizes is satisfactory. The geographic distribution of both commercial and consumer loans in low- and moderate- income areas is excellent.

LENDING TEST

Loan-to-Deposit Ratio

The bank's LTD ratio is reasonable in relation to similarly situated banks given the bank's size, financial condition, and market competition. FNBC's quarterly average LTD ratio since the previous CRA examination is 47 percent compared to the average LTD ratio of 51 percent for similarly situated banks. FNBC's LTD ratio is not fully reflective of the lending activity of FNBC as it originates and sells residential real estate loans into the secondary market. For the three calendar years 2015 through 2017, the bank sold over \$15 million in loans on the secondary market. During the evaluation period, FNBC's ratio ranged from 37 to 61 percent and compares well to similarly situated banks whose average LTD ratio ranged from 36 to 61 percent.

Institution	Average Quarterly LTD Ratio	Total Assets (000's)
FNBC	47%	104
Bank A	56%	240
Bank B	36%	481
Bank C	61%	254
Average LTD	51%	

Source: Uniform Bank Performance Report.

Lending in Assessment Area

FNBC's lending in the AA is outstanding. A substantial majority of consumer loans by number and dollar were originated in the AA. A majority of business loans by number were in the bank's AA. The dollar volume of business loans originated outside the AA was distorted due to two large commercial loans totaling \$2.2 million that were outside the AA.

Table-1 Lending in FNB Cortez AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business	15	75%	5	25%	20	1,889,819	43%	2,485,246	57%	4,375,065
Consumer	19	95%	1	5%	20	273,964	99%	2,100	1%	276,064
Totals	34	85%	6	15%	40	2,163,783	47 %	2,487,346	53%	4,651,129

Source: Loan sample.

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

FNBC's distribution of loans to borrowers of different income levels and businesses of different sizes reflects reasonable penetration.

Tables 2, 2A, 2B, and 2C below reflect the bank's lending activity for consumer and commercial loans for the 2015-2016 period and for 2017. Loans from 2015-2016 were compared to 2010 census data and 2017 loans were compared to 2015 ACS Census data. We selected a sample of 20 loans for each product in each period for a total of 40 consumer and 40 commercial loans reviewed.

The distribution of consumer loans is excellent. The percentage of loans to low- income borrowers exceeds the demographic comparator in both the 2015-2016 and 2017 periods. The percentage of loans to moderate-income borrowers exceeds the demographic comparator for consumer loans in both 2015-2016 and 2017.

Commercial loan distribution is satisfactory. FNBC underperformed area demographics in the 2015-2016 period with only 65 percent of its loans made to business with annual revenues less than or equal to \$1 million compared to 81.1 percent for the AA. However, the bank's performance did outperform the aggregate market performance of 44.2 percent. FNBC's performance in 2017 was similar to demographic comparators and significantly exceeded aggregate market data for loans made to businesses with annual revenues less than or equal to \$1 million.

Geographic Distribution of Loans

FNBC's overall geographic distribution of loans reflects excellent geographic dispersion given the demographics of the AA.

Tables 3, 3A, 3B and 3C below show the bank's lending activity compared to area demographic for the geographic distribution of loans in the AA. For this assessment we utilized the same loan sample as the previous test. FNBC'S AA did not include any low-income CT's.

The geographic distribution of consumer loans reflects excellent dispersion. The bank originated 40 percent of its consumer loans in moderate-income CTs in the 2015-2016 period which significantly exceeded area demographics reflecting 18.8 percent of AA households are located in moderate-income geographies during this period. The dispersion of loans met demographic comparators in the 2017 period with 25 percent of loans made in moderate income census tracts.

The geographic distribution of commercial loans reflects reasonable dispersion in both the 2015-2016 and the 2017 periods. The bank originated 20 percent of its commercial loans to small businesses in moderate income CTs, which exceeds both the demographic comparator and aggregate market data figures for the 2015 and 2016 period. The bank's originations to small business in moderate income CTs in 2017 was below the area demographics at 15 percent compared to 22 percent but comparable with aggregate market data figures of 16.9 percent.

Responses to Complaints

FNBC did not received any CRA related complains during the evaluation period.

Table 2 - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
FNB Cortez Non-MSA AA 2010 Census	20	124	5.1	27.7	35.0	16.5	30.0	18.9	25.0	36.8	10.0	0.0	0.0	
Total	20	124	5.1	27.7	35.0	16.5	30.0	18.9	25.0	36.8	10.0	0.0	0.0	

*Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data.
Due to rounding, totals may not equal 100.0*

Table 2A - Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2017	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
FNB Cortez Non-MSA AA 2010 Census	20	226	13.8	26.7	35.0	18.9	25.0	18.9	10.0	35.5	25.0	0.0	5.0	
Total	20	226	13.8	26.7	35.0	18.9	25.0	18.9	10.0	35.5	25.0	0.0	5.0	

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

Table 2B - Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2015-16**

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
FNB Cortez Non-MSA AA 2010 Census	20	3,856	13.1	455	81.1	65.0	44.2	4.2	30.0	14.7	5.0
Total	20	3,856	13.1	455	81.1	65.0	44.2	4.2	30.0	14.7	5.0

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

Table 2C - Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues **2017**

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
FNB Cortez Non-MSA AA 2010 Census	20	1,931	17.2	455	85.0	90.0	44.2	4.2	10.0	10.8	0.0
Total	20	1,931	17.2	455	85.0	90.0	44.2	4.2	10.0	10.8	0.0

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

Table 3 - Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2015-16	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
FNB Cortez Non-MSA AA 2010 Census	20	124	5.1	0.0	0.0	18.8	40.0	81.2	60.0	0.0	0.0	0.0	0.0	
<i>Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data. Due to rounding, totals may not equal 100.0</i>														

Table 3A - Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2017	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
FNB Cortez Non-MSA AA 2010 Census	20	226	13.8	0.0	0.0	24.8	25.0	75.2	75.0	0.0	0.0	0.0	0.0	
<i>Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data. Due to rounding, totals may not equal 100.0</i>														

Table 3B - Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2015-16**

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
FNB Cortez Non-MSA AA 2010 Census	20	3,856	13.1	455	0.0	0.0	0.0	16.0	20.0	10.3	84.0	80.0	89.7	0.0	0.0	0.0	0.0	0.0	0.0
Total	20	3,856	13.1	455	0.0	0.0	0.0	16.0	20.0	10.3	84.0	80.0	89.7	0.0	0.0	0.0	0.0	0.0	0.0

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

Table 3C - Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2017**

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
FNB Cortez Non-MSA AA 2010 Census	20	1,931	17.2	455	0.0	0.0	0.0	22.2	15.0	16.9	77.8	85.0	83.1	0.0	0.0	0.0	0.0	0.0	0.0
Total	20	1,931	17.2	455	0.0	0.0	0.0	22.2	15.0	16.9	77.8	85.0	83.1	0.0	0.0	0.0	0.0	0.0	0.0

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

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/15 to 12/31/17)	
Financial Institution		Products Reviewed
First National Bank Cortez Cortez, CO		Commercial and Consumer Loans
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Montezuma and Dolores Counties (Cortez AA)	Full-Scope	

Appendix B: Community Profiles for Full-Scope Areas

Demographic Information for Full Scope Area: FNB Cortez Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00	37.50	62.50	0.00	0.00
Population by Geography	27,562	0.00	26.97	73.03	0.00	0.00
Owner-Occupied Housing by Geography	7,875	0.00	19.75	80.25	0.00	0.00
Business by Geography	2,370	0.00	22.15	77.85	0.00	0.00
Farms by Geography	200	0.00	14.00	86.00	0.00	0.00
Family Distribution by Income Level	7,041	24.67	22.91	21.20	31.22	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	3,350	0.00	32.39	67.61	0.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		60,701 63,800 15%	Median Housing Value Unemployment Rate (2015 ACS US Census)	181,275 4.37%		

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

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

Bank management has designated one assessment area (AA), consisting of two adjacent rural counties in Colorado: Montezuma and Dolores. The AA consists of eight CTs and meets the legal requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. According to 2015 ACS US census data, the AA includes three moderate- and five middle-income CTs. Dolores County consists of only 1 moderate income tract. The bank's AA includes the Ute Mountain Indian Reservation, the city of Cortez, and towns of Mancos, Dolores, and Dove Creek.

Current economic conditions are stable. 2015 ACS data shows unemployment rate at 5.49 percent which is higher than state or national unemployment rates. The AA's economy is heavily dependent on tourism as well as agriculture, government service, and oil and gas industries. Major employers include: Montezuma-Cortez School District, Ute Mountain Indian Tribe and Casino, and Southwest Memorial Hospital.

The bank faces strong competition from numerous community and regional banks in its AA as well as those financial institutions located in adjacent counties. Cortez is a commercial center competing with Durango to the east and Farmington, NM to the south. While 85 percent of the businesses in the AA are small businesses, there are only 2,014 businesses with annual revenues less than or equal to \$1 million. Approximately 11 percent of businesses in this AA do not report annual revenues. Competition for small business loans is particularly strong with one local bank specializing in SBA lending and designated as a Community Development Financial Institution. During our examination, we contacted a member of the business community who indicated that overall community credit needs are being met by local financial institutions including the need for small business loans. Local banks are active in the community and engaged in economic development activities, where available.