

# **PUBLIC DISCLOSURE**

February 8, 2021

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Wray State Bank  
Certificate Number: 22447

300 Clay Street  
Wray, Colorado 80758

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

1601 Bryan Street, Suite 1410  
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 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 areas (AAs), including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory performance under the Lending Test supports the rating. The following points summarize conclusions for each Lending Test performance factor.

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and AAs' credit needs.
- A substantial majority of loans are in the AAs.
- The geographic distribution of loans reflects reasonable dispersion throughout the AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among farms and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the overall rating.

## DESCRIPTION OF INSTITUTION

Wray State Bank (WSB), established on April 11, 1977, maintains its headquarters in Wray, Colorado. HOTC Investment Co., a one-bank holding company, wholly owns the bank. WSB received a "Satisfactory" rating at its prior February 9, 2015 FDIC CRA Performance Evaluation using Small Institution Procedures.

The following table lists WSB's specific branch locations. In February 2015, the bank opened the Brush branch. WSB did not close any branches or participate in any merger or acquisition activity since the prior evaluation.

Branch Locations					
Office Name	Office Type	MSA	County	CT	CT Income Level
300 Clay Street Wray, Colorado	Main Office	NA	Yuma	9631.00	Middle
1130 Main Street Windsor, Colorado	Branch	Greeley MSA	Weld	22.07	Middle
731 East Edison Street Brush, Colorado	Branch	NA	Morgan	7.00	Middle

*Source: 2019 Bank data.*

WBS offers branch hours typical for the industry and areas served, including extended weekday and Saturday drive-thru only hours at some locations. The Windsor and Wray locations offer drive-up facilities with extended hours, and all locations offer automated teller machines (ATMs) onsite.

The bank's strategic focus continues to emphasize agricultural and commercial lending; however, the bank offers a variety of additional loan products including construction, consumer, and home mortgage loans. Bank records indicate the lending focus and product mix remained consistent throughout the evaluation period.

WSB offers various deposit products consisting of consumer and commercial checking and savings accounts, certificates of deposit, as well as debit and credit cards. Alternative delivery systems include mobile banking, mobile deposit, online banking, telephone banking, and three ATMs.

Since the prior evaluation, WSB reported annualized growth in total assets of 13.7 percent, net loans of 15.8 percent, and total deposits of 13.2 percent largely attributed to a strong Colorado economy. As of the September 30, 2020, Consolidated Reports of Condition and Income, the bank reported total assets of \$169.4 million, total loans of \$134.5 million, and total deposits of \$147.9 million. Based on data provided in the following table, agricultural lending represents a majority of the bank's loan portfolio.

<b>Loan Portfolio Distribution as of 9/30/2020</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	3,266	2.4
Secured by Farmland	34,289	25.5
Secured by 1-4 Family Residential Properties	18,817	14.0
Secured by Multi-family (5 or more) Residential Properties	276	0.2
Secured by Non-farm Non-Residential Properties	14,031	10.4
<b>Total Real Estate Loans</b>	<b>70,679</b>	<b>52.5</b>
Commercial and Industrial Loans	20,743	15.4
Agricultural Production and Other Loans to Farmers	35,372	26.3
Consumer	6,295	4.7
Obligations of States and Political Subdivisions in the U.S.	1,302	1.0
Other Loans	126	0.1
<b>Gross Loans</b>	<b>134,517</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income 9/30/2020. Due to rounding, totals may not equal 100.0.</i>		

Examiners did not identify any financial, legal, or other impediments that affect the institution's ability to meet its AAs' credit needs.

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more AAs within which examiners will evaluate its CRA performance. WSB designated the following three AAs in Colorado:

- Yuma Non-MSA AA includes all of Yuma County,



- Morgan Non-MSA AA includes of Morgan County, and
- Greeley MSA AA includes all of Weld County.

Refer to the individual discussions of the AAs for more details on each AA. The Morgan Non-MSA AA represents a new AA since the prior evaluation as a result of the branch opening in Brush. The two Non-MSA AAs represent generally similar characteristics, and examiners did not identify any anomalies in performance among the two areas. Therefore, this evaluation presents a combined analysis for the Yuma Non-MSA AA and the Morgan Non-MSA AA, which will be referred to as the Non-MSA AA in the remainder of this evaluation for presentation purposes.

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous evaluation dated February 9, 2015, to the current evaluation dated February 8, 2021. Examiners used Small Institution Procedures to evaluate the institution’s CRA performance. The following table shows that during 2019, WSB generated and maintained a significant portion of its total loans and deposits as well as a majority of branches in the Non-MSA AA. Consequently, examiners conducted a full-scope review of the Non-MSA AA and afforded significantly more weight to this AA when arriving at overall conclusions and the rating. Examiners also conducted a full-scope review of the Greeley MSA AA since it has not previously received full-scope review.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Greeley MSA AA	1,068	9.2	22,200	16.7	1	33.3
Non-MSA AA	24,710	90.8	110,704	83.3	2	66.7
<b>Total</b>	<b>25,778</b>	<b>100.0</b>	<b>132,904</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>

*Source: 2019 Bank Data; FDIC Summary of Deposits (6/30/2020). Due to rounding, totals may not equal 100.0.*

### Activities Reviewed

CRA Small Institution Procedures require examiners to determine the institution’s major product lines from which to review. Examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. Examiners determined agricultural loans represent the bank’s major product line followed by commercial loans. This conclusion considered the bank’s strategy and the number and dollar volume of loans originated during the evaluation period. Bank records indicate the lending focus and product mix remained generally consistent throughout the evaluation period. The following table details WSB’s lending activity for the most recent completed calendar year of available data.

<b>Loans Originated or Purchased</b>				
<b>Loan Type</b>	<b>#</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Construction and Land Development	12	1.8	3,289	7.3
Secured by Farmland	21	3.1	6,391	14.3
1-4 Family Residential	74	10.9	8,898	19.9
Multi-Family Residential	1	0.1	177	0.4
Commercial Real Estate	8	1.2	1,056	2.4
<b>Total Real Estate Loans</b>	<b>116</b>	<b>17.1</b>	<b>19,811</b>	<b>44.3</b>
Commercial and Industrial	120	17.6	5,858	13.1
Agricultural	143	21.0	13,689	30.6
Consumer	298	43.8	4,122	9.2
Other	3	0.4	1,306	2.9
<b>Total Loans</b>	<b>680</b>	<b>100.0</b>	<b>44,786</b>	<b>100.0</b>
<i>Source: 2019 Bank data. Due to rounding, totals may not equal 100.0.</i>				

Accurate and readily available data did not exist to evaluate the entire universe of products reviewed. Therefore, examiners selected a sample of 60 small farm loans totaling \$5.3 million from a universe of 158 small farm loans totaling \$14.6 million originated in 2019. Examiners also selected a sample of 60 small business loans totaling \$4.1 million from a universe of 128 small business loans totaling \$6.9 million originated in 2019. Based on lending data provided by the bank, WSB originated or renewed only four small farm loans in the Greeley MSA AA in 2019. Due to the limited small farm lending occurring in the Greeley MSA AA, examiners did not conduct an analysis of small farm loans in this AA since it would not materially affect conclusions or the rating. Applicable D&B Data for 2019 served as a standard of comparison for small farm and small business loans.

Examiners reviewed both the number and dollar volume of small farm and small business loans. However, examiners emphasized performance by number of loans since the number of loans reflects the number of farms and businesses served.

During most of the evaluation period, WSB was subject to data reporting requirements under the Home Mortgage Disclosure Act (HMDA). Therefore, examiners considered all home mortgage loans reported on the bank's 2018 and 2019 HMDA Loan Application Registers (LARs). WSB reported 45 loans totaling \$4.3 million on the 2019 LAR and 38 loans totaling \$3.9 million on the 2018 LAR. As allowed under HMDA reporting requirements, the bank chose not to report census tract information for reportable loans in Non-MSA census tracts. This prevents examiners from identifying home mortgage loans originated in the Non-MSA AA in order to conduct any sort of analysis on this product in that AA. Furthermore, effective July 1, 2020, WSB is no longer subject to HMDA reporting since it no longer meets the loan volume threshold for reporting. Consequently, given this information and considering that home mortgage loans do not represent a primary product of the bank, this evaluation does not present the data or analysis for home mortgage loans since it would result in meaningful conclusions or impact the rating.

Since consumer loans do not represent a major product line and thus would not materially affect any conclusions or ratings, this evaluation does not include a review of them.

## Loan Product Weighting

Small farm loans received more weight compared to small business loans when arriving at conclusions for the Non-MSA AA since this product represents the bank's primary lending focus in the AA. Small business loans received all the weight in the Greeley MSA AA since small farm loans were not evaluated in this AA.

## **CONCLUSIONS ON PERFORMANCE CRITERIA**

### **LENDING TEST**

WSB demonstrated satisfactory performance under the Lending Test. Reasonable records regarding the LTD ratio and geographic distribution, an excellent borrower profile, and a substantial majority of loans originated inside the AAs support this conclusion.

### Loan-to-Deposit Ratio

WSB's LTD ratio is reasonable given the institution's size, financial condition, and AAs' credit needs. The LTD ratio, calculated from Call Report data, averaged 86.1 percent over the past 23 calendar quarters from March 31, 2015, through September 30, 2020. The ratio ranged from a low of 76.8 percent as of March 31, 2016, to a high of 96.1 percent as of September 30, 2019. Although the ratio fluctuated, it generally reflects an increasing trend over the review period.

Examiners identified three similarly situated institutions, listed in the following table, that operate in or near WSB's AAs, reflect similar asset sizes, and offer similar products. WSB demonstrated a similar LTD ratio compared to similarly situated institutions, further reflecting reasonable performance.

<b>Loan-to-Deposit Ratio Comparison</b>		
<b>Bank</b>	<b>Total Assets \$(000s)</b>	<b>Average Net LTD Ratio (%)</b>
<b>Wray State Bank, Wray Colorado</b>	<b>169,445</b>	<b>86.1</b>
First Pioneer National Bank, Wray, Colorado	213,623	72.3
FirstFarm Bank, Greeley, Colorado	294,428	83.4
The Farmers State Bank of Brush, Brush, Colorado	113,865	78.7
<i>Source: Reports of Condition and Income 3/31/2015 thru 9/30/2020.</i>		

### Assessment Area Concentration

As displayed in the following table, a substantial majority of loans are in the AAs. A substantial majority of small farm loans by dollar, and a substantial majority of small business loans, by both number and dollar, in the AAs support this conclusion. The bank also originated a majority of small farm loans, by number, in its AAs.



Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Farm	48	80.0	12	20.0	60	4,786	90.3	513	9.7	5,299
Small Business	54	90.0	6	10.0	60	3,903	94.0	248	6.0	4,151

*Source: 2019 Bank Data.*

### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. A reasonable dispersion in the Non-MSA AA outweighs a poor dispersion in the Greeley MSA AA to support this conclusion. Examiners focused on the percentage by number of loans in moderate-income census tracts when arriving at conclusions for this performance factor since the AAs do not contain any low-income census tracts.

### **Borrower Profile**

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes. Excellent records in both AAs support this conclusion. Examiners focused on the percentage by number of loans to farms and businesses with gross annual revenue of \$1 million or less when arriving at conclusions for this performance factor.

### ***Small Business Administration (SBA) Paycheck Protection Program (PPP) Loans***

The bank further demonstrates willingness to meet the credit needs of businesses of varying sizes, including small businesses, by originating loans through the PPP. The Coronavirus Aid, Relief and Economic Security (CARES) Act, signed into law on March 27, 2020, established the temporary PPP. The SBA, with support from the Department of the Treasury, implements the PPP, which provides loans to encourage qualified businesses that meet certain standards established by the SBA to retain employees through the COVID-19 pandemic and includes loan forgiveness subject to certain conditions. The FDIC encourages financial institutions to consider using such program in a prudent manner as they actively work with business borrowers, including small businesses, with less financial flexibility to withstand near-term operational challenges due to the COVID-19.

WSB originated 185 PPP loans, considered small business loans with loan amounts of \$1 million or less, totaling \$5.8 million not included in the analysis of small business loans under the Lending Test. WSB also originated one PPP loan totaling \$1.4 million. These lending activities demonstrate the bank's willingness to meet community credit needs of businesses of varying sizes, including small businesses, in response to the COVID-19 pandemic.

### **Response to Complaints**

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



## **DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

Examiners did not identify any evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs. Therefore, this consideration did not affect the institution's rating.

### **NON-MSA AA – Full-Scope Review**

#### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN NON-MSA AA**

The Non-MSA AA includes the non-contiguous counties of Yuma and Morgan in Colorado. The bank operates two full-service branches within this combined AA. The Non-MSA AA consists of ten census tracts reflecting the following income designations according to 2015 ACS data: two moderate-, seven middle- and one upper-income tract. The bank operates one branch in each county of this AA.

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

The 2015 ACS data revealed nominal population growth in the Non-MSA AA of 342 persons since the 2010 U.S. Census. According to D&B Data, the number of farms slightly declined from 667 in 2015 to 548 in 2019, and the number of businesses slightly increased from 2,902 in 2015 to 3,164 in 2019. The following table details certain demographic data for the AA.

Demographic Information of the Assessment Area						
Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	10	0.0	20.0	70.0	10.0	0.0
Population by Geography	38,544	0.0	17.9	74.8	7.3	0.0
Housing Units by Geography	15,890	0.0	17.1	74.6	8.4	0.0
Owner-Occupied Units by Geography	9,180	0.0	14.0	76.8	9.2	0.0
Occupied Rental Units by Geography	5,106	0.0	23.1	72.2	4.6	0.0
Vacant Units by Geography	1,604	0.0	15.2	68.9	15.9	0.0
Businesses by Geography	3,164	0.0	22.0	71.6	6.4	0.0
Farms by Geography	548	0.0	2.9	85.4	11.7	0.0
Family Distribution by Income Level	9,941	21.8	22.3	20.2	35.7	0.0
Household Distribution by Income Level	14,286	23.2	18.3	20.0	38.5	0.0
Median Family Income – CO Non-MSA	\$60,701		Median Housing Value			\$144,829
				Median Gross Rent		\$712
				Families Below Poverty Level		8.0%
<i>Source: 2015 ACS Data and 2019 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>						

Based on 2015 ACS data, Morgan County reported a total population of 28,359 as compared to Yuma County’s population of 10,185. Fort Morgan, located 10 miles from the bank’s closest branch in this AA, represents the most populous city in Morgan County and includes both of the AA’s moderate-income tracts.

According to the City of Fort Morgan, major employers include Cargill, Laprino Foods, Colorado Plains Medical Center, Viaero Wireless, and Walmart. According to the Bureau of Labor Statistics, Yuma and Morgan counties reported average 2019 unemployment rates of 1.3 percent and 2.2 percent, respectively, which compare favorably to the unemployment rate of 2.4 percent for the State of Colorado during the same period.

### **Competition**

The AA reflects a considerable level of competition for financial services based on the AA’s total population. According to FDIC Deposit Market Share data as of June 30, 2020, 13 financial institutions operate 20 full-service branches in the Non-MSA AA. Of these institutions, WSB ranked 3<sup>rd</sup> with a 10.0 percent deposit market share.

## **Community Contact**

As part of the evaluation process, examiners evaluate information from third parties active in the AA to assist in identifying credit and community needs. This information helps determine financial institutions' responsiveness to these needs and shows available credit opportunities.

Examiners interviewed a community contact actively involved on the Board of an economic development partnership serving the Non-MSA AA. The contact stated that agriculture predominantly drives the Non-MSA AA economy, and significant opportunities exist for small farm loans within the area. The contact also conveyed a strong need for small business loans, especially for startups and businesses with higher financial risk. The contact mentioned a shortage of housing stock exists to support the influx of labor in the market, but that construction for 1-4 family homes increased. Construction lending for real estate development also represents a need, as the area experiences a shortage of resources and infrastructure for new businesses. Overall, the contact indicated that financial institutions remain actively involved assisting small farms and small businesses in the area and prove responsive to credit and community needs.

## **Credit Needs**

Data from the demographic and economic information confirm agricultural lending, especially for small farms, represents the primary credit need of the area. In early 2020, the COVID-19 pandemic rapidly increased the need for financial institutions to work with affected customers and communities through loan modifications, small business loans, and economic development loans for job retention.

# **CONCLUSIONS ON PERFORMANCE CRITERIA IN NON-MSA AA**

## **LENDING TEST**

WSB demonstrated a satisfactory record in the Non-MSA AA regarding the Lending Test. A reasonable record regarding geographic distribution and an excellent record regarding borrower profile support this conclusion.

## **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the Non-MSA AA. The reasonable record of small farm lending outweighed the poor record of small business lending to support this conclusion.

## **Small Farm Loans**

The geographic distribution of small farm loans reflects reasonable dispersion throughout the Non-MSA AA. As seen in the following table, the bank did not originate any sampled small farm loans to farms in moderate-income tracts. However, the bank's performance only slightly lags demographic data by 2.9 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Farm Loans					
Non-MSA AA					
Tract Income Level	% of Farms	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	2.9	0	0.0	0	0.0
Middle	85.4	39	88.6	3,829	91.6
Upper	11.7	5	11.4	353	8.4
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>4,182</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

### Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the Non-MSA AA. As seen in the following table, WSB's lack of lending in moderate-income census tracts notably lags demographic data by 22.0 percentage points, reflecting poor performance. Although typically indicative of very poor performance, examiners noted that both of the AA's moderate-income census tracts are located in Fort Morgan, 10 miles away from the bank's closet branch, which impacts the bank's performance and ability to penetrate these areas. Additionally, the FDIC's June 30, 2020, Summary of Deposits revealed that six branches of other financial institutions operate within Fort Morgan. These institutions are better situated to serve these tracts.

Geographic Distribution of Small Business Loans					
Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	22.0	0	0.0	0	0.0
Middle	71.6	42	100.0	3,064	100.0
Upper	6.4	0	0.0	0	0.0
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>3,064</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

### Borrower Profile

The distribution of borrowers reflects excellent penetration among farms and businesses of different sizes. Excellent records regarding small farm and small business loans support this conclusion.

### Small Farm Loans

The distribution of borrowers reflects excellent penetration among farms of different sizes. The following table shows WSB originated nine out of every ten small farm loans to farms with gross annual revenue of \$1 million or less, which evidences excellent performance.



<b>Distribution of Small Farm Loans by Gross Annual Revenue Category</b>					
<b>Non-MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Farms</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	94.9	40	90.1	3,167	75.7
>1,000,000	3.7	4	9.9	1,015	24.3
Revenue Not Available	1.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>44</b>	<b>100.0</b>	<b>4,182</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

### **Small Business Loans**

The distribution of borrowers reflects excellent penetration among businesses of different sizes. The following table shows the bank originated all of the small business loans to businesses with gross annual revenue of \$1 million or less, which evidences excellent performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Non-MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	83.1	42	100.0	3,064	100.0
>1,000,000	4.1	0	0.0	0	0.0
Revenue Not Available	12.8	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>42</b>	<b>100.0</b>	<b>3,064</b>	<b>100.0</b>
<i>Source: 2019 D&amp;B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.</i>					

## **GREELEY MSA AA – Full-Scope Review**

### **DESCRIPTION OF INSTITUTION’S OPERATIONS IN GREELEY MSA AA**

WSB designated the entire Greeley MSA (consisting of Weld County) as its Greeley MSA AA. The AA’s 77 census tracts reflect the following income designations according to 2015 ACS data: 7 low-, 16 moderate-, 26 middle-, and 27 upper-income tracts as well as 1 tract without an income designation. The bank maintains one branch, located in a middle-income census tract, in this AA.

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

The 2015 ACS data revealed a population growth of 18,123 since the 2010 U.S. Census. The number of businesses in the Greeley MSA grew by 5,090 from 2015 to 2019 according to D&B Data. The following table details certain demographic data for the AA.

Demographic Information of the Assessment Area						
Greeley MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	77	9.1	20.8	33.8	35.1	1.3
Population by Geography	270,948	9.7	23.2	37.5	28.9	0.8
Housing Units by Geography	99,226	9.9	22.3	39.7	28.2	0.0
Owner-Occupied Units by Geography	65,424	3.5	19.9	40.5	36.0	0.0
Occupied Rental Units by Geography	28,870	23.2	27.7	36.5	12.7	0.0
Vacant Units by Geography	4,932	16.5	21.8	46.4	15.3	0.0
Businesses by Geography	25,551	6.5	15.7	37.9	39.9	0.0
Farms by Geography	1,538	3.3	12.9	55.9	28.0	0.0
Family Distribution by Income Level	68,305	20.6	18.4	21.0	39.9	0.0
Household Distribution by Income Level	94,294	23.3	16.6	19.1	41.1	0.0
Median Family Income - Greeley, CO MSA	\$70,457		Median Housing Value			\$200,800
			Median Gross Rent			\$938
			Families Below Poverty Level			8.8%

Source: 2015 ACS Data and 2019 D&B Data. Due to rounding, totals may not equal 100.0.  
 (\*) The NA category consists of geographies that have not been assigned an income classification.

According to Upstate Colorado Economic Development, the area's major employers include JBS Swift Company, Banner/North Colorado Medical Center, Vestas-Americas, Greeley/Evans School District 6, and University of Northern Colorado. According to the Bureau of Labor Statistics, the Greeley MSA reported an average unemployment rate of 2.5 percent for 2019. The unemployment rate in the Greeley MSA remained relatively consistent since the prior evaluation, with the exception of the economic changes related to the COVID-19 pandemic in 2020.

### **Competition**

The AA reflects a moderate level of competition for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 23 financial institutions operate 72 full-service branches within the Greeley MSA AA. Of these institutions, WSB ranked 21<sup>st</sup> with a 0.5 percent deposit market share.

### **Community Contacts**

Examiners interviewed an individual from an economic development organization serving the AA. The contact stated various opportunities exist for all types of lending within the area. The contact stated the Greeley MSA is growing extremely fast with the population expected to double by 2040. Two of the biggest obstacles employers face include the shortage of labor and lack of commercial real estate to startup or expand trade. The contact also stated the price of available space more than doubled, making it a challenge for a startup business. Construction lending is slowly catching up to

address the shortage of housing stock. Overall, the contact mentioned financial institutions remain actively involved in the community by providing financing and community development loans.

**Credit Needs**

Information from the community contact along with demographic and economic information confirm that a variety of needs, including commercial lending, especially for small businesses, represents a credit need of the area. In early 2020, the COVID-19 pandemic rapidly increased the need for financial institutions to work with affected customers and communities through loan modifications and small business loans.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN GREELEY MSA AA**

**LENDING TEST**

WSB demonstrated a satisfactory record in the Greeley MSA regarding the Lending Test. An excellent record regarding borrower profile combined with a poor record regarding geographic distribution support this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects poor dispersion throughout the Greeley MSA AA. A poor record regarding small business loans supports this conclusion.

**Small Business Loans**

The geographic distribution of small business loans reflects poor dispersion throughout the Greeley MSA AA. The bank originated no small business loans in low-income tracts; this performance trails demographic data by 6.5 percentage points, yet remains within a reasonable range. The bank also did not originate any small business loans in moderate-income tracts, which lags demographic data by 15.7 percentage points and evidences poor performance.

<b>Geographic Distribution of Small Business Loans</b>					
<b>Greeley MSA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	6.5	0	0.0	0	0.0
Moderate	15.7	0	0.0	0	0.0
Middle	37.9	4	33.3	838	28.1
Upper	39.9	8	66.7	603	71.9
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>1,441</b>	<b>100.0</b>

*Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.*

## **Borrower Profile**

The distribution of borrowers reflects excellent penetration among businesses of different sizes in the Greeley MSA AA. The excellent record regarding small business loans supports this conclusion.

### **Small Business Loans**

The distribution of borrowers reflects excellent penetration among businesses of different sizes in the Greeley MSA AA. The following table shows the bank originated more than nine out of every ten small business loans to businesses with gross annual revenue of \$1 million or less, which evidences excellent performance.

<b>Distribution of Small Business Loans by Gross Annual Revenue Category</b>					
<b>Greeley MSA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<=\$1,000,000	89.7	11	91.2	763	91.1
>1,000,000	3.4	1	8.8	75	8.9
Revenue Not Available	6.9	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>12</b>	<b>100.0</b>	<b>838</b>	<b>100.0</b>

*Source: 2019 D&B Data; 1/1/2019 - 12/31/2019 Bank Data. Due to rounding, totals may not equal 100.0.*



## APPENDICES

### 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 institution'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).

## 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 institution 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.

**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.

**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.

**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.

**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 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.



**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.