

PUBLIC DISCLOSURE

June 14, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Yampa Valley Bank
Certificate Number: 35407

600 South Lincoln Avenue
Steamboat Springs, Colorado 80487

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 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 loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs.
- A majority of loans are inside the institution's assessment area.
- The assessment area does not include any low- and moderate-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels 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 rating.

DESCRIPTION OF INSTITUTION

Yampa Valley Bank, headquartered in Steamboat Springs, Colorado, is wholly owned by Routt County Bancorporation, a one-bank holding company. In addition to the main location, the bank operates one branch in Craig, Colorado. Yampa Valley Bank received a CRA rating of “Satisfactory” at its previous FDIC Performance Evaluation dated July 9, 2018, where examiners used Interagency Small Bank Examination Procedures.

The bank offers a wide variety of credit products including commercial, home mortgage, construction, agricultural, and consumer loans. In addition, the institution offers multiple deposit products including checking, money market, savings, certificates of deposit, individual retirement, and health savings accounts. Alternative banking services include telephone banking, online banking with bill pay, mobile banking, remote deposit capture, debit cards, and two bank owned ATMs. Yampa Valley Bank did not open or close any branches or participate in any merger or acquisition activity during the evaluation period.

As of March 31, 2021, Yampa Valley Bank reported total assets of \$457.4 million, total loans of \$305.7 million, and total deposits of \$404.0 million. Since the prior evaluation, assets, loans, and deposits increased 51.7 percent, 21.7 percent, and 48.4 percent, respectively.

The following table reflects the loan mix by dollar volume as of March 31, 2021. Examiners determined the bank’s primarily loan products are commercial and home mortgage lending.

Loan Portfolio Distribution as of 03/31/2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	59,992	19.6
Secured by Farmland	17,425	5.7
Secured by 1-4 Family Residential Properties	67,957	22.2
Secured by Multifamily (5 or more) Residential Properties	9,395	3.1
Secured by Nonfarm Nonresidential Properties	92,366	30.2
Total Real Estate Loans	247,135	80.8
Commercial and Industrial Loans	47,616	15.6
Agricultural Production and Other Loans to Farmers	6,409	2.1
Consumer Loans	5,338	1.7
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	0	0.0
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	760	0.2
Total Loans	305,738	100.0
<i>Source: Reports of Condition and Income</i>		

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

DESCRIPTION OF ASSESSMENT AREA

Yampa Valley Bank designated one Non-Metropolitan Statistical Area (Non-MSA) assessment area which includes all 14 census tracts of Moffat, Rio Blanco, and Routt counties in northwestern Colorado. The assessment area is bordered on the north by Wyoming and the west Utah. The assessment area's 14 census tracts reflect the following income designations according to 2015 American Consumer Survey (ACS) data: 7 middle- and 7 upper-income census tracts.

Economic and Demographic Data

The following table details additional demographic data for the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	0.0	50.0	50.0	0.0
Population by Geography	43,435	0.0	0.0	46.2	53.8	0.0
Housing Units by Geography	25,892	0.0	0.0	40.8	59.2	0.0
Owner-Occupied Units by Geography	11,661	0.0	0.0	44.8	55.2	0.0
Occupied Rental Units by Geography	5,238	0.0	0.0	46.5	53.5	0.0
Vacant Units by Geography	8,993	0.0	0.0	32.3	67.7	0.0
Businesses by Geography	5,859	0.0	0.0	31.6	68.4	0.0
Farms by Geography	292	0.0	0.0	51.4	48.6	0.0
Family Distribution by Income Level	10,562	14.3	14.0	18.9	52.8	0.0
Household Distribution by Income Level	16,899	20.1	13.5	15.9	50.5	0.0
Median Family Income Non-MSAs - CO		\$60,701	Median Housing Value			\$333,314
			Median Gross Rent			\$968
			Families Below Poverty Level			7.0%
Source: 2015 ACS and 2020 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.						

Tourism, recreational activities, and oil and gas services comprise the predominate industries for the area. D&B data for 2020 revealed the number of businesses increased by 784 compared to the 2017 D&B data. According to the Steamboat Springs Chamber of Commerce some of the largest employers in Routt County include ACZ Laboratories, City of Steamboat Springs, Resort Group, UCHHealth Yampa Valley Medical Center, and Xcel Energy.

Data from the Bureau of Labor Statistics reported the following unemployment rates for the counties in the assessment area as of May 2021: Moffat County at 4.7 percent, Rio Blanco County at 5.4 percent, and Routt County at 5.9 percent. The State of Colorado reported an unemployment rate of 5.7 percent as of May 2021.

Examiners utilized the 2020 FFIEC median family income (MFI) level to analyze home mortgage loans under the borrower profile criterion. The following table presents the income categories based on the 2020 FFIEC updated MFI for the Non-MSA of Colorado.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
CO Non- MSA Median Family Income (99999)				
2020 (\$71,000)	<\$35,500	\$35,500 to <\$56,800	\$56,800 to <\$85,200	≥\$85,200
<i>Source: FFIEC</i>				

Information obtained from Realtor.com as of May 2021, reveals that Routt County median list price of homes increased 13.4 percent year over year to \$550,000. However, in Steamboat Springs the price rose 33.0 percent to \$775,000. In Moffat County, the median list price of homes increased 20.1 percent year over year to \$240,000 while in Rio Blanco County it trended down 2.4 percent to \$209,800.

Competition

The assessment area reflects a relatively competitive market for financial services. According to FDIC Deposit Market Share Data as of June 30, 2020, 8 financial institutions operate 18 full-service branches within the assessment area. Of these institutions, Yampa Valley Bank ranked 1st with a 21.7 percent deposit market share.

Community Contact

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

Examiners conducted a community contact with a local representative of an economic development organization. The contact noted that the local economy relies heavily on tourism and hospitality. However, geographic location and timing within the business cycle lessened the negative impact of the pandemic on the local economy. The area experienced an influx of location neutral workers that increased the need for affordable housing. Further, the contact noted a focus on economic development and affordable housing projects but the area could benefit from additional industry diversification with higher paying jobs replacing those lost by the closing of coal-fired power stations. Overall, the contact indicated local financial institutions meet the community commercial and housing related credit needs.

Credit Needs

Information from the community contact along with demographic and economic information confirm that home mortgage and commercial lending represent primary credit needs of the area. Additionally, the assessment area has a high demand for affordable housing.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated July 9, 2018, to the current evaluation dated June 14, 2021. Examiners used the Interagency Small Bank Procedures to evaluate Yampa Valley Bank's CRA performance. The appendix lists the Lending Test's criteria.

Activities Reviewed

Examiners determined that commercial lending represents the institution's primary business focus. Home mortgage lending, although notably lower, represents the next largest lending category. This conclusion considered the bank business strategy, review of financial data, and the number and dollar volume of loans originated during the evaluation period. As such, examiners reviewed the institution's small business and home mortgage lending activity to assess the institution's performance. Agricultural loans do not represent a major product line and would not provide meaningful analysis or materially affect any conclusions or the rating. Therefore, this evaluation does not include a review of small farm loans.

This evaluation considers samples of small business and home mortgage loans originated in calendar year 2020. Examiners evaluated 63 small business loans totaling approximately \$5.9 million from a universe of 798 small business loans totaling approximately \$73.4 million. Of the 63 small business loans sampled, 41 were Small Business Administration (SBA) Paycheck Protection Program (PPP) loans totaling approximately \$2.5 million. 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 this 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.

Examiners also sampled 51 home mortgage loans totaling approximately \$15.5 million from a universe of 187 home mortgage loans totaling approximately \$63.4 million. D&B data for 2020 served as a standard for comparison for the small business loans, and 2015 ACS data served as a standard of comparison for home mortgage loans.

Small business loans received more weight when drawing conclusions since they comprise a greater volume, by both number and dollar amount, among the universes of the products reviewed. While this evaluation presents both the number and dollar volume of loans, examiners emphasize performance by number of loans because the number of loans better indicates the number of businesses and individuals served.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Yampa Valley Bank demonstrated satisfactory performance under the Lending Test. Reasonable records regarding borrower profile and loan-to-deposit ratio as well as a majority loans inside the assessment area support this conclusion.

Loan-to-Deposit Ratio

Yampa Valley Bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area's credit needs. The average net loan-to-deposit ratio over the last 11 calendar quarters since the previous evaluation averaged 87.2 percent. The ratio fluctuated throughout the evaluation period, ranging from a low of 74.1 percent as of March 30, 2021, to a high of 94.7 percent as of June 30, 2020. The ratio reflects a downward trend since peaking on June 30, 2020 due to active PPP lending. In addition, Yampa Valley Bank reported a ratio higher than similarly situated institutions, as shown in the following table. Examiners selected similarly situated institutions based on their asset size, geographic location, and lending focus.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 3/31/2021 (\$000s)	Average Net LTD Ratio (%)
Yampa Valley Bank, Steamboat Springs, Colorado	457,468	87.2
Integrity Bank & Trust, Monument, Colorado	295,414	77.0
Mountain Valley Bank, Walden, Colorado	317,873	75.2
The Gunnison Bank and Trust, Gunnison, Colorado	171,670	77.2
<i>Source: Reports of Condition and Income 9/30/2018 - 3/31/2021.</i>		

Assessment Area Concentration

As noted in the following table, Yampa Valley Bank originated a majority of small business and home mortgage loans, by both number and dollar volume, inside the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	56	88.9	7	11.1	63	5,807	97.1	173	2.9	5,980
Home Mortgage	42	82.4	9	17.6	51	11,817	76.2	3,694	23.8	15,511
Source: Bank Data; Due to rounding, totals may not equal 100.0%										

Geographic Distribution

The assessment area does not include any low- and moderate-income geographies, and a review of the geographic distribution criterion would not result in meaningful conclusions. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. Examiners focused on lending to businesses with gross annual revenue of \$1 million or less and low- and moderate-income individuals when arriving at this conclusion.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The following table shows the bank's level of lending almost two out of every ten small business loans to businesses with gross annual revenues of \$1 million or less typically reflects poor performance. However, examiners considered additional performance criteria, which supports reasonable performance.

Specifically, PPP loans comprised a significant portion of the sampled small business loans, with a majority without revenue information. Reported revenue was not available for PPP loans given the program requirements, materially affecting the small business lending analysis.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000	87.7	11	19.6	1,220	21.0
>\$1,000,000	3.8	7	12.5	2,124	36.6
Revenue Not Available	8.5	38	67.9	2,463	42.4
Total	100.0	56	100.0	5,807	100.0
<i>Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Excluding the PPP loans from the above analysis, examiners noted a majority of loans with available revenue data were made to businesses with gross annual revenues of \$1 million or less, thereby reflecting reasonable performance. Additionally, examiners evaluated PPP loans using loan size as a proxy for those with revenues not available. As seen in the following table, a majority of PPP loans, by number, had original loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of the smallest businesses in the assessment area.

Distribution of PPP Loans by Loan Size				
Loan Size	#	%	\$(000s)	%
< \$100,000	32	84.2	1,163	47.2
\$100,000 - \$249,999	5	13.2	832	33.8
\$250,000 - \$1,000,000	1	2.6	468	19.0
Total	38	100.0	2,463	100.0
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>				

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels, including low- and moderate-income individuals. As noted in the following table, Yampa Valley Bank's lending level falls just 2.4 percentage points below comparable demographic data to low-income families, reflecting reasonable performance. The table also shows that the institution's

level of lending to moderate-income borrowers falls 4.5 percentage points below comparable demographic data, reflecting reasonable performance. When also considering the higher cost of housing for this area as well as the higher median family income relative to the statewide non-metropolitan median family income, the bank's performance is considered reasonable.

Distribution of Home Mortgage Loans by Borrower Income Level					
Borrower Income Level	% of Families	#	%	\$(000s)	%
Low	14.3	5	11.9	541	4.6
Moderate	14.0	4	9.5	588	5.0
Middle	18.9	8	19.0	1,250	10.6
Upper	52.9	18	42.9	7,649	64.7
Not Available	0.0	7	16.7	1,789	15.1
Total	100.0	42	100.0	11,817	100.0
<i>Source: 2015 ACS; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

Yampa Valley Bank has 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

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.

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 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).

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.

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.