



May 18, 2021

Justin Vause  
Colorado Housing and Finance Authority  
1981 Blake Street  
Denver, CO 80202

**RE: Climber Small Business Fund**

Dear Justin:

Thank you for allowing us the opportunity to participate in the CLIMBER Small Business Loan Fund. I am writing to urge you to reconsider grouping our CDFI bank in with other traditional non-CDFI banks. It is our belief that we should be categorized as a CDFI in this program along with all other CDFI organizations and non-profit lenders.

As CEO of First Southwest Bank (FSWB) we are proud to be one of only two Community Development Financial Institution (CDFI) banks in Colorado. This rare designation is given to organizations that actively work to better their distressed communities; unlike traditional banks we pursue margin in tandem with mission.

To earn and maintain the CDFI designation, we must annually provide information to the U.S. Treasury showing how we work in highly distressed areas – to be classified as highly distressed these areas have high poverty rates, high unemployment rates or low median family income as determined by the U.S. Census. Working in these distressed areas can provide additional challenges, such as making the cost of capital and operating costs higher than other traditional banks.

Banks with assets of under \$1 billion typically have a higher efficiency ratio (a lower number is better) than larger banks. Over the last four years, that efficiency ratio ranged from 68% to 70% for banks below \$1 billion in assets. Additionally, CDFI depositories typically have even higher efficiency ratios. First Southwest Bank has operated at an efficiency ratio of between 71% and 75% over that same four- year period. Fortunately, the US Treasury and banking regulators recognize that issue.

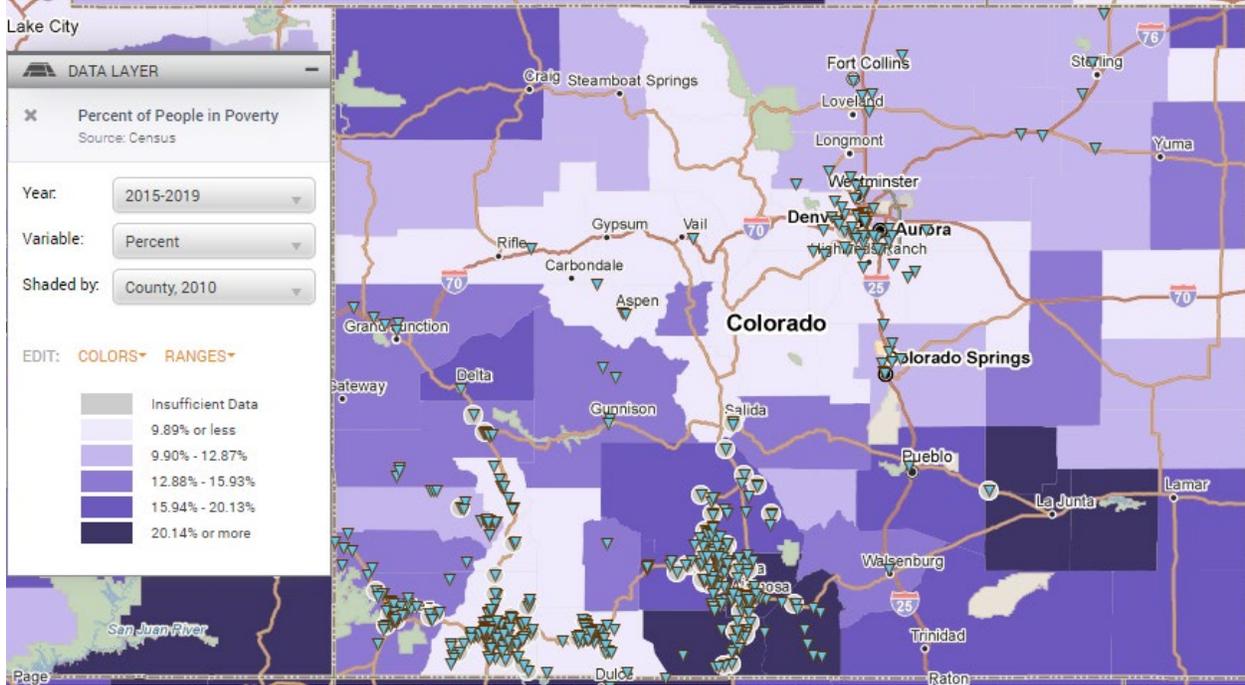
Despite our higher cost of operation, we are still able to leverage resources to make a profound impact in our communities – so much so that we were named the SBA Rural Lender of The Year and Durango Chamber Business of the Year.

We are looking forward to partnering with the State of Colorado, CHFA, and CLIMBER's private investors to help small businesses access much needed capital. Thank you for your consideration.

Sincerely,

Kent Curtis, CEO  
First Southwest Bank

### Percent of People in Poverty Overlaid with FSWB 2020 Loan Originations



### Median Family Income with FSWB 2020 Loan Originations

