

PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Century Bank
Certificate Number: 28362

100 South Federal Place
Santa Fe, New Mexico 87501

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

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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

TABLE OF CONTENTS

INSTITUTION RATING	1
DESCRIPTION OF INSTITUTION	1
SCOPE OF EVALUATION	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	11
SANTA FE MSA AA – Full-Scope Review	11
ALBUQUERQUE MSA AA – Full-Scope Review	17
LAS CRUCES MSA AA – Full-Scope Review	23
NEW MEXICO NON-MSA AA – Limited-Scope Review	29
APPENDICES	32
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	32
GLOSSARY	33

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.

Satisfactory performance under the Lending Test and outstanding performance under the Community Development Test support the overall rating. The following points summarize the bank’s Lending Test and Community Development Test performance.

The Lending Test is rated Satisfactory.

- The loan-to-deposit (LTD) ratio is reasonable given the institution’s size, financial condition, and assessment areas’ credit needs.
- A substantial majority of small business and consumer loans are in the bank’s assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects poor penetration of loans among businesses of different sizes and individuals of different income levels.
- The institution did not receive any CRA-related complaints during the evaluation period; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

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

DESCRIPTION OF INSTITUTION

Century Bank (CB) maintains its headquarters in Santa Fe, New Mexico. Century Financial Services Corporation, Santa Fe, a one-bank holding company, wholly owns the bank. The bank has no affiliate relationships that affect this CRA evaluation. The bank received a “Satisfactory” rating at its previous Federal Deposit Insurance Corporation (FDIC) CRA Performance Evaluation, dated April 18, 2022, using Intermediate Small Institution Examination Procedures.

CB operates eight full-service branch locations in New Mexico and two loan production offices (LPO) in Texas. Since the prior evaluation, the bank relocated the Addison, Texas LPO to Dallas, Texas and opened an LPO in Houston, Texas. The institution did not open or close any branches or participate in any merger or acquisition activity since the previous evaluation.

The bank continues to offer various loan products including construction, commercial, residential, and consumer loans, primarily focusing on commercial lending. The institution also offers commercial loan programs guaranteed through the Small Business Administration.

CB provides a variety of deposit account products including demand deposit, savings, certificates of deposit, and individual retirement accounts. Alternative delivery systems include online and mobile banking, telephone banking, online-bill pay, cash management services, remote deposit capture, remote deposit anywhere, and 11 ATMs. The bank also participates in the MoneyPass Network that allows customers to access surcharge-free ATMs nationwide. The bank maintains hours typical for its area and the industry.

As of December 31, 2024, the bank reported total assets of approximately \$1.5 billion, total loans of \$813 million, and total securities of \$378.5 million. Total deposits equaled approximately \$1.4 billion as of the same date. The following table details the institution’s loan portfolio which remained similar to the previous evaluation and shows that commercial lending represents the largest loan category at 61.2 percent of outstanding loans.

Loan Portfolio Distribution as of 12/31/2024		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	85,559	10.5
Secured by Farmland	0	0.0
Secured by 1-4 Family Residential Properties	68,287	8.4
Secured by Multifamily (5 or more) Residential Properties	50,201	6.2
Secured by Nonfarm Nonresidential Properties	291,379	35.8
Total Real Estate Loans	495,426	60.9
Commercial and Industrial Loans	206,640	25.4
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	98,743	12.1
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	15,020	1.8
Lease Financing Receivable (net of unearned income)	405	0.1
Less: Unearned Income	(3,147)	(0.4)
Total Loans	813,087	100.0
<i>Source: Reports of Condition and Income; 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 assessment areas’ credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas (AA) within which examiners will evaluate its CRA performance. CB designated the following four AAs:

- Santa Fe Metropolitan Statistical Area AA (Santa Fe MSA AA) which is comprised of Santa Fe County;
- Albuquerque Metropolitan Statistical Area AA (Albuquerque MSA AA) which is comprised of Bernalillo County;
- Las Cruces Metropolitan Statistical Area AA (Las Cruces MSA AA) which is comprised of Dona Ana County;
- New Mexico Non-Metropolitan Statistical Area AA (Non-MSA AA) which is comprised of all census tracts in Los Alamos County and all census tracts except 9410.00 in Rio Arriba County.

There have been no changes in the bank's AAs since the previous evaluation; however, minor changes to census tract boundaries within the AAs occurred due to the 2020 U.S. Census data. The bank's AAs conform to the technical requirements of the CRA and do not arbitrarily exclude low- and moderate-income areas. Refer to the individual AA sections for detailed descriptions of these areas.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated April 18, 2022, to the current evaluation dated March 3, 2025. Examiners used Interagency Intermediate Small Institution CRA Examination Procedures to evaluate the institution's performance, which includes the Lending Test and Community Development Test. The Appendix lists each tests' criteria.

Examiners applied full-scope procedures to the Santa Fe MSA AA and the Albuquerque MSA AA after contemplating all considerations in outstanding guidance, particularly the level of the institution's lending activities. Additionally, examiners applied full-scope procedures to the Las Cruces MSA AA given that this area received limited-scope review at the prior two evaluations. Examiners applied limited-scope procedures to the New Mexico Non-MSA AA given this area received full-scope review at the prior evaluation.

The following table shows that the Santa Fe MSA AA generated the largest percentage of loans, garnered the largest percentage of deposits, and operated the most branches. Consequently, examiners weighed records in the Santa Fe MSA AA heavier when arriving at applicable conclusions and ratings, followed by the Albuquerque MSA AA. The Las Cruces MSA AA received the least weight.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Santa Fe MSA	34,892	47.2	684,433	51.3	4	50.0
Albuquerque MSA	30,517	41.3	232,061	17.4	1	12.5
New Mexico Non-MSA	5,527	7.5	382,146	28.7	2	25.0
Las Cruces MSA	3,039	4.1	34,316	2.6	1	12.5
Total	73,975	100.0	1,332,956	100.0	8	100.0

Source: 2023 HMDA; 2024 Bank Data; FDIC Summary of Deposits 6/30/2024; Due to rounding, totals may not equal 100.0%

Activities Reviewed

Intermediate Small Institution CRA Examination Procedures require examiners to determine the bank’s major product lines for 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. The following table details the bank’s loan originations and purchases for 2024, the most recent available calendar year.

Loans Originated or Purchased				
Loan Category	\$(000s)	%	#	%
Construction and Land Development	49,765	15.2	53	8.0
Secured by Farmland	0	0.0	0	0.0
Secured by 1-4 Family Residential Properties	13,944	4.3	41	6.2
Multi-Family (5 or more) Residential Properties	17,645	5.4	4	0.6
Commercial Real Estate Loans	54,193	16.6	24	3.6
Commercial and Industrial Loans	129,528	39.7	249	37.7
Agricultural Loans	0	0.0	0	0.0
Consumer Loans	61,439	18.8	289	43.8
Other Loans	0	0.0	0	0.0
Total Loans	326,514	100.0	660	100.0

Source: 2024 Bank Data; Due to rounding, totals may not equal 100.0%

Considering the dollar volume and number of loans originated during 2024 based on the bank’s loan data download, as well as management’s stated business strategy, examiners determined that both commercial and consumer loans represent the bank’s major product lines. Home mortgage loans do not represent a major product line, and the bank did not originate any small farm loans. Therefore, they provided no material support for conclusions or ratings, and this evaluation does not present them. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period; therefore, this evaluation only presents 2024 small business and consumer data, the most recent available calendar year. Although not presented, the bank reported home mortgage loans in 2023, the most recent calendar year with aggregate data, pursuant to the Home Mortgage Disclosure Act (HMDA). For informational purposes, 2023 HMDA data reflected

25 loans totaling \$26.5 million.

For the Lending Test, examiners selected a sample of 143 small business loans totaling \$30.7 million from a universe of 233 small business loans totaling \$50.6 million originated or purchased in 2024, the most recent full calendar year of available data. Due to lower origination volume, examiners expanded the sample to include the full universe of small business loans in the New Mexico Non-MSA AA and Las Cruces MSA AA when evaluating Geographic Distribution and Borrower Profile which resulted in an additional 3 loans totaling \$326 thousand. Examiners used 2024 D&B data as the standard of comparison for small business lending performance.

Examiners also selected a sample of 143 consumer loans totaling \$7.2 million from a universe of 283 consumer loans totaling \$14.3 million originated or purchased in 2024. Due to lower origination volume, examiners expanded the sample to include the full universe of consumer loans in the Albuquerque MSA AA and the Las Cruces MSA AA when evaluating Geographic Distribution and Borrower Profile which resulted in an additional 14 loans totaling \$1.9 million. Examiners used 2020 U.S. Census data as the standard of comparison for consumer lending.

Examiners considered the universe of small business and consumer loans when determining loan product weighting. The following table shows that small business loans represented a majority by dollar volume. As such, small business loans received more weight when arriving at overall conclusions. However, consumer lending was more prominent in the New Mexico Non-MSA AA and received more weight in that area.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Small Business	233	50,579	143	30,733
Consumer	283	14,316	143	7,225
<i>Source: 2024 Bank Data</i>				

While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans when arriving at conclusions for the performance factors because the number of loans better indicates the number of businesses and individuals served.

To evaluate the community development activities for the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the prior CRA evaluation. The evaluation of qualified investments included the book value of prior period investments still outstanding as of the date of this evaluation. Examiners evaluated the bank’s community development activity quantitatively based on the financial capacity of the bank as well as qualitatively based on the bank’s ability and capacity to meet the AA needs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

CB demonstrated satisfactory performance regarding the Lending Test. A reasonable record regarding the LTD ratio, a substantial majority of loans originated inside the AAs, and a reasonable record regarding geographic distribution primarily support this conclusion. The bank’s borrower profile performance reflected a poor record.

Loan-to-Deposit Ratio

The LTD ratio is reasonable given its size, financial condition, and AA credit needs. The average net LTD ratio was 68.5 percent over the past 11 calendar quarters from June 30, 2022, to December 31, 2024. The ratio ranged from a high of 75.1 percent as of December 31, 2022, to a low of 59.3 percent as of December 31, 2024. The average net LTD ratio slightly increased from the 67.0 percent noted at the prior evaluation. Although the ratio fluctuated during the evaluation period, examiners noted a declining trend beginning in 2024. The primary reason for the declining trend stemmed from the bank introducing a deposit growth program through high-interest rate certificate of deposits. Deposit growth outpaced loan originations.

Further, the bank’s average, net LTD ratio is within a reasonable range of two similarly situated financial institutions with similar asset size and loan portfolio, as shown in the following table. CB’s ratio landed 8.4 percentage points above one institution and 12.0 percentage points lower than the other institution, reflecting reasonable performance.

LTD Ratio Comparison		
Bank	Total Assets as of 12/31/2024 (\$000s)	Average Net LTD Ratio (%)
Century Bank, Santa Fe, New Mexico	1,472,060	68.5
First American Bank, Artesia, New Mexico	1,765,491	60.1
InBank, Raton, New Mexico	1,314,197	80.5
<i>Source: Reports of Condition and Income 6/30/2022 – 12/31/2024</i>		

Assessment Area Concentration

As shown in the following table, CB made a substantial majority of its small business and consumer loans inside its AAs.

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	129	90.2	14	9.8	143	26,497	86.2	4,236	13.8	30,733
Consumer	127	88.8	16	11.2	143	5,579	77.2	1,646	22.8	7,225
<i>Source: Bank Data; Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the AAs. The bank's reasonable performance in the Santa Fe MSA AA outweighed excellent performance in the Albuquerque MSA AA and Las Cruces MSA AA to support this conclusion. The bank's performance in the New Mexico Non-MSA AA is consistent with this performance. Examiners focused on the percentage of loans in low- and moderate-income census tracts when arriving at conclusions for this performance factor. Refer to the individual AA discussions for more details.

Borrower Profile

The distribution of borrowers reflects, given the demographics of the AAs, poor penetration among businesses of different sizes and individuals of different income levels. The bank's poor performance in the Santa Fe MSA AA, the Albuquerque MSA AA, and the Las Cruces MSA AA supports this conclusion. The bank's performance in the New Mexico Non-MSA AA is inconsistent and exceeds the institution's record. Examiners focused on the performance of loans to businesses with gross annual revenues of \$1 million or less and to individuals with different income levels, including low- and moderate-income individuals, in the AAs when arriving at conclusions for this performance factor. Refer to the individual AA discussions for more details.

Response to Complaints

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

COMMUNITY DEVELOPMENT TEST

CB demonstrated excellent performance regarding the Community Development Test. The institution's community development performance demonstrates excellent responsiveness to community development needs in its AAs through community development loans, qualified investments, and community development services, as appropriate considering the institution's capacity and the need and availability of such opportunities for community development in the institution's AAs.

Community Development Loans

CB originated 68 community development loans totaling approximately \$126.4 million during the evaluation period. This lending level equates to 9.2 percent of average total assets of approximately \$1.4 billion, and 14.8 percent of average net loans of \$853.1 million since the prior evaluation. These levels decreased from the 16.5 percent of average total assets and from the 29.7 percent of average total loans reported at the prior evaluation.

The following tables reflect the number and dollar volume of community development loans extended by year, community development purpose, and AA. The bank was responsive to identified community development needs, as a significant portion of the activities helped to

revitalize or stabilize low- and moderate-income, distressed, or underserved middle-income geographies. The activities also provided affordable housing and community services to low- and moderate-income individuals and geographies, and to a lesser degree spurred economic development.

Community Development Lending Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2022 (partial)	2	1,220	11	2,847	1	750	20	55,579	34	60,396
2023	5	3,182	2	2,250	1	750	15	37,700	23	43,882
2024	1	784	1	150	1	750	8	20,500	11	22,184
YTD 2025	0	0	0	0	0	0	0	0	0	0
Total	8	5,186	14	5,247	3	2,250	43	113,779	68	126,462

Source: Bank Data

Community Development Lending by Assessment Area Institution										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Santa Fe MSA	6	4,604	9	1,180	0	0	0	0	15	5,784
Albuquerque MSA	2	582	1	1,690	3	2,250	36	106,449	42	110,971
New Mexico Non-MSA	0	0	4	2,377	0	0	4	5,625	8	8,002
Las Cruces MSA	0	0	0	0	0	0	3	1,705	3	1,705
Total	8	5,186	14	5,247	3	2,250	43	113,779	68	126,462

Source: Bank Data

Qualified Investments

CB made use of 237 qualified investments, including 213 grants and donations, totaling approximately \$23.3 million in its AAs. The total volume of qualified investments equates to 1.7 percent of average total assets of approximately \$1.4 billion and 6.1 percent of average total securities of approximately \$381 million since the prior evaluation. These levels decreased from the 2.1 percent of average total assets and from the 7.9 percent of average total securities reported at the prior evaluation.

The qualified investments proved responsive to the AAs’ needs given that they addressed each identified community development need within the bank’s AAs. The following tables display the bank’s qualified investment activity by year, purpose, and area.

Qualified Investments Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	5	3,539	9	6,083	1	4,494	2	1,518	17	15,634
2022 (Partial)	1	1,605	0	0	0	0	0	0	1	1,605
2023	2	4,053	0	0	0	0	0	0	2	4,053
2024	3	837	1	725	0	0	0	0	4	1,562
YTD 2025	0	0	0	0	0	0	0	0	0	0
Subtotal	11	10,034	10	6,808	1	4,494	2	1,518	24	22,854
Qualified Grants & Donations	11	13	146	318	30	84	26	56	213	471
Total	22	10,047	156	7,126	31	4,578	28	1,574	237	23,325
<i>Source: Bank Data</i>										

Qualified Investments by Area Institution										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Santa Fe MSA	12	3,649	76	2,330	9	32	1	2	98	6,013
Albuquerque MSA	6	3,956	43	2,678	11	4,517	0	0	60	11,151
New Mexico Non-MSA	0	0	17	25	7	12	23	44	47	81
Las Cruces MSA	3	837	20	2,093	4	17	4	1,528	31	4,475
Statewide Activities	1	1,605	0	0	0	0	0	0	1	1,605
Total	22	10,047	156	7,126	31	4,578	28	1,574	237	23,325
<i>Source: Bank Data</i>										

The following identifies the bank’s statewide-qualified investment activity:

- **Affordable Housing:** The institution made one investment totaling \$1.6 million that promoted affordable housing for low- and moderate-income individuals and families throughout the State of New Mexico.

Community Development Services

The following tables show that bank employees provided 124 services of financial expertise or technical assistance to community development-related organizations during the evaluation period. The services involve bank personnel’s use of their technical expertise to benefit organizations or projects with a primary purpose of community development, as defined by the CRA regulation. This level reflects a decrease when compared to the 203 community development services recorded at the prior evaluation.

The community development services proved responsive to the AAs’ needs given that they addressed each identified community development need within the bank’s AAs. The following tables display the bank’s community development services by year, purpose, and area.

Community Development Services Institution					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2022 (Partial)	1	30	10	2	43
2023	3	30	10	3	46
2024	4	20	8	3	35
YTD 2025	0	0	0	0	0
Total	8	80	28	8	124

Source: Bank Data

Community Development Services by Assessment Area Institution					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Santa Fe MSA	8	49	7	3	67
Albuquerque MSA	0	19	9	0	28
New Mexico Non-MSA	0	10	6	5	21
Las Cruces MSA	0	2	6	0	8
Total	8	80	28	8	124

Source: Bank Data

As seen in the following table, the bank operates one branch and one ATM in moderate-income census tracts. Given the considerations noted further in this performance evaluation, the bank's delivery systems in distressed and/or underserved middle-income tracts further enhances the availability of services to low- and moderate-income geographies and individuals in the AAs.

Branch and ATM Distribution by Geography Income Level Institution								
Tract Income Level	Census Tracts		Population		Branches		ATMs	
	#	%	#	%	#	%	#	%
Low	18	5.8	57,695	5.2	0	0.0	0	0.0
Moderate	76	24.7	282,078	25.5	1	12.5	1	9.1
Middle	101	32.8	403,315	36.4	3	37.5	7	63.6
Upper	97	31.5	336,953	30.4	4	50.0	3	27.3
NA	16	5.2	26,899	2.4	0	0.0	0	0.0
Total	308	100.0	1,106,940	100.0	8	100.0	11	100.0

Source: 2020 U.S. Census & Bank Data; Due to rounding, totals may not equal 100.0%

The bank also provides alternative delivery systems that help avail its services to low- and moderate-income individuals and geographies. Those alternative delivery systems include online and mobile banking, telephone banking, online-bill pay, cash management services, remote deposit capture, and remote deposit anywhere. The bank also participates in the MoneyPass Network that

allows customers to access surcharge-free ATMs nationwide.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The institution'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 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 overall CRA rating.

SANTA FE MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SANTA FE MSA AA

The Santa Fe MSA AA, consistent with that noted at the prior evaluation, includes all of Santa Fe County, which comprises the entire Santa Fe MSA. CB operates four full-service branches and seven ATMs in this AA.

Although the AA did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census data increased the overall number of census tracts, decreased the number of low-income census tracts, and increased the number of moderate-income census tracts.

Economic and Demographic Data

The Santa Fe MSA AA's census tracts reflect the following income designations based on 2020 U.S. Census data: 13 moderate-income; 20 middle-income; 21 upper-income; and 3 census tracts with no income designation. The following table provides additional demographic and economic data for the area.

Demographic Information of the Assessment Area Santa Fe MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	57	0.0	22.8	35.1	36.8	5.3
Population by Geography	154,823	0.0	28.5	37.4	32.3	1.8
Housing Units by Geography	73,496	0.0	25.8	37.2	35.6	1.4
Owner-Occupied Units by Geography	44,947	0.0	23.0	38.2	37.9	0.9
Occupied Rental Units by Geography	18,205	0.0	36.4	41.2	20.8	1.7
Vacant Units by Geography	10,344	0.0	19.7	25.8	51.6	3.0
Businesses by Geography	41,204	0.0	14.6	26.0	58.5	0.9
Farms by Geography	1,058	0.0	18.2	30.2	51.5	0.1
Family Distribution by Income Level	36,442	20.8	18.8	18.6	41.8	0.0
Household Distribution by Income Level	63,152	24.3	16.3	18.0	41.5	0.0
Median Family Income MSA - 42140 Santa Fe, New Mexico MSA		\$73,862	Median Housing Value			\$357,865
			Median Gross Rent			\$1,155
			Families Below Poverty Level			9.0%
<i>Source: 2020 U.S. Census Data; 2024 D&B Data; Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

Data obtained from the U.S. Bureau of Statistics reported the 2024 year-end unemployment rate at 3.4 percent. The AA unemployment rate was lower than the State of New Mexico rate of 3.9 percent and the national rate of 4.1 percent, for the same period.

According to Moody's Analytics, Santa Fe MSA's economy is expanding rapidly. Strong job markets include education, healthcare, leisure, and hospitality while state government is improving. Retail trade decreased in recent months after a booming end to 2023. Unemployment is the lowest in the West. The area's single-family home permitting is steady while house prices are increasing. Top employers in the Santa Fe MSA AA include: Christus St. Vincent Regional Medical Center, The New Mexican, Santa Fe Opera, Walmart, Inc., and Santa Fe Community College.

Examiners used the Federal Financial Institutions Examination Council (FFIEC) updated median family income levels to analyze consumer loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges for the Santa Fe MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$91,500)	<\$45,750	\$45,750 to <\$73,200	\$73,200 to <\$109,800	≥\$109,800
<i>Source: FFIEC</i>				

Competition

The AA contains low competition for financial services. According to the FDIC's Deposit Market Share Report as of June 30, 2024, the AA contained 11 financial institutions that operated 30 full-service branches inside of the market. Of these institutions, CB ranked 2nd with 16.6 percent of the

deposit market share.

Community Contacts

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 with an individual knowledgeable of small business development in the Santa Fe area. The contact indicated that current economic conditions are stable in the area. Tourism and government are the primary industries, with a large percentage of workers that commute from Albuquerque, New Mexico to Los Alamos, New Mexico. The contact also noted that a large percentage of wealthy retirees, and a large percentage of people that need assistance make up Santa Fe, New Mexico. Banking and credit needs primarily revolve around start-up loans and micro-loans for small businesses. There is also a need for more financial literacy, specifically helping entrepreneurs and small businesses understand the loan process at financial institutions. The contact commented that local financial institutions are very supportive in the community.

Credit and Community Development Needs and Opportunities

Considering information from bank management, community contact, and demographic and economic data, examiners determined that small business and consumer loans represent primary credit needs for the AA.

Regarding the area's community development needs, demographic data shows that 22.8 percent of the area's census tracts received moderate-income designations suggesting a need for activities that revitalize or stabilize qualifying geographies. The demographic data further supports the need for projects that provide affordable housing and community services targeted to low- and moderate-income individuals, as well as economic development for small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SANTA FE MSA AA

LENDING TEST

CB demonstrated a satisfactory record regarding the Lending Test in the Santa Fe MSA AA. A reasonable geographic distribution offset a poor borrower profile to support this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the Santa Fe MSA AA. Reasonable small business performance outweighed excellent consumer loan performance to support this conclusion. The AA does not include any low-income census tracts. Therefore, conclusions were based on performance in moderate-income census tracts only.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion. As indicated in the following table, lending performance in moderate-income census tracts trails demographic data by 4.9 percentage points, reflecting reasonable performance.

Geographic Distribution of Small Business Loans Santa Fe MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	14.6	9	9.7	1,759	13.8
Middle	26.0	60	64.5	5,390	42.5
Upper	58.5	24	25.8	5,539	43.7
Not Available	0.9	0	0.0	0	0.0
Total	100.0	93	100.0	12,688	100.0

Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Consumer Loans

The geographic distribution of consumer loans reflects excellent dispersion. As indicated in the following table, lending performance in moderate-income census tracts significantly exceeds demographic data by 15.4 percentage points, reflecting excellent performance.

Geographic Distribution of Consumer Loans Santa Fe MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0
Moderate	26.8	27	42.2	394	9.2
Middle	39.0	16	25.0	504	11.8
Upper	33.0	19	29.7	3,271	76.5
Not Available	1.1	2	3.1	104	2.4
Total	100.0	64	100.0	4,273	100.0

Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects poor penetration throughout the Santa Fe MSA AA. Poor performance regarding small business lending outweighed reasonable consumer lending performance to support this conclusion.

Small Business Loans

The distribution of small business loans, based on the borrower's profiles, reflects poor performance. As reflected in the following table, the bank originated approximately 2 out of every 10 small business loans to businesses with revenues of \$1 million or less, reflective of poor performance. While considering that the bank originated 44 of the 93 small business loans to the same borrower, which had revenues exceeding \$1 million, examiners still determined poor

performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Santa Fe MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	93.8	23	24.7	3,410	26.9
> \$1,000,000	1.4	65	69.9	7,800	61.5
Revenue Not Available	4.8	5	5.4	1,478	11.7
Total	100.0	93	100.0	12,688	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The distribution of consumer loans, based on the borrower’s profiles, reflects reasonable performance. The bank’s lending performance to low-income borrowers trails demographic data by 5.5 percentage points, reflecting reasonable performance. The bank’s lending performance to moderate-income borrowers also trails demographic data, but only by 2.2 percentage points, also reflecting reasonable performance.

Distribution of Consumer Loans by Borrower Income Level					
Santa Fe MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	24.3	12	18.8	174	4.1
Moderate	16.3	9	14.1	241	5.6
Middle	18.0	6	9.4	417	9.8
Upper	41.5	14	21.9	3,100	72.5
Not Available	0.0	23	35.9	341	8.0
Total	100.0	64	100.0	4,273	100.0
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

CB demonstrated adequate responsiveness to community development needs in the Santa Fe MSA AA through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development.

Community Development Loans

CB originated 15 community development loans totaling approximately \$5.8 million in the Santa Fe MSA AA. This level of activity represents 4.6 percent of the bank’s overall level of community development loans by dollar volume. This level of activity decreased, by number and dollar volume, from the 19 loans totaling approximately \$17.6 million reported at the previous evaluation.

Community development lending primarily provided for affordable housing and community services targeted to low- and moderate-income individuals and geographies. The following lists examples of community development loans in the Santa Fe MSA AA:

- ***Affordable Housing:*** In 2022, the institution originated a loan totaling approximately \$1.1 million to acquire and retrofit a multi-family apartment complex that provides affordable housing units. The activity promotes affordable housing for low- and moderate-income individuals and families.
- ***Affordable Housing:*** In 2023, the institution renewed a \$2.0 million operating line of credit to a non-profit organization whose purpose is to advance affordable housing efforts in the area, such as through construction of affordable homes and rental units and first-time home buyer counseling services. The activity promotes affordable housing for low- and moderate-income individuals and families.

Qualified Investments

CB made 98 qualified investments totaling approximately \$6.0 million in the Santa Fe MSA AA. This level of activity represents 25.8 percent of the bank's overall level of qualified investments by dollar volume. This level of activity decreased by number but increased by dollar volume from the 131 qualified investments totaling approximately \$3.6 million reported at the previous evaluation.

The qualified investments primarily provided for affordable housing and community services activities to low- and moderate-income individuals. The following lists examples of qualified investments in the Santa Fe MSA AA:

- ***Affordable Housing:*** In 2023, the bank invested over \$2.0 million in multi-family revenue bonds for the purpose of acquiring, rehabilitating, and equipping two multi-family housing apartment complexes which consist of 228 units. The project has two existing Housing Assistance Payment Contracts covering all units in the apartment complexes, thereby promoting affordable housing for low- and moderate-income individuals and families.
- ***Community Service:*** In 2024, the bank invested in one school bond totaling \$725 thousand. The majority of the students in the Santa Fe Public School District qualified for free or reduced lunch programs, and as a result, this activity primarily benefits low- and moderate-income individuals.
- ***Community Service:*** In 2024, the bank donated \$2 thousand to a non-profit organization that provides emergency shelter, food, case management, counseling, and transitional housing for the homeless.

Community Development Services

During the evaluation period, bank employees provided 67 instances of financial expertise or technical assistance to various community development related organizations in the Santa Fe MSA AA. This number of instances represents 54.0 percent of the bank's overall number of community development services. This is a decrease compared to the 92 community development services noted at the prior evaluation.

The community development services helped to provide affordable housing and community services to low- and moderate-income individuals, revitalize and or stabilize low-and moderate-income geographies, and promote economic development. The following lists examples of the bank’s community development services in the Santa Fe MSA AA:

- ***Economic Development:*** In 2022, a bank employee used their financial expertise to provide SBA loan training to a non-profit organization that finances small business loans in the AA.
- ***Affordable Housing:*** In 2024, a bank employee served as a Board member and Finance Committee member for a non-profit organization that provides shelters and housing for low- and moderate-income individuals.

CB operates one branch and one ATM in moderate-income census tracts within the Santa Fe MSA AA. The alternative delivery systems offered in this AA remain consistent with that previously discussed at the institution-level Community Development Services section.

ALBUQUERQUE MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ALBUQUERQUE MSA AA

The Albuquerque MSA AA, consistent with that noted at the prior evaluation, includes all of Bernalillo County, which comprises a portion of the Albuquerque MSA. CB operates one full-service office in this AA.

Although the AA did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census data increased the overall number of census tracts, as well as the number of low-income census tracts in the AA.

Economic and Demographic Data

The Albuquerque MSA AA’s census tracts reflect the following income designations based on 2020 U.S. Census data: 14 low-income; 42 moderate-income; 61 middle-income; 52 upper-income; and 7 census tracts with no income designation. The following table provides additional demographic and economic data for the area.

Demographic Information of the Assessment Area Albuquerque MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	176	8.0	23.9	34.7	29.5	4.0
Population by Geography	676,444	6.6	25.2	37.6	29.1	1.5
Housing Units by Geography	295,111	7.0	24.5	38.9	28.2	1.5
Owner-Occupied Units by Geography	172,529	3.3	21.5	39.5	34.7	1.0
Occupied Rental Units by Geography	99,999	12.7	28.9	38.5	17.8	2.1
Vacant Units by Geography	22,583	10.2	27.2	36.0	24.4	2.1
Businesses by Geography	119,580	13.7	22.7	32.6	30.2	0.8
Farms by Geography	2,160	7.0	21.6	38.2	32.0	1.1
Family Distribution by Income Level	159,218	23.2	16.0	18.9	41.9	0.0
Household Distribution by Income Level	272,528	25.8	15.5	17.1	41.6	0.0
Median Family Income MSA - 10740 Albuquerque, New Mexico MSA		\$68,660	Median Housing Value			\$212,176
			Median Gross Rent			\$928
			Families Below Poverty Level			11.8%
<i>Source: 2020 U.S. Census Data; 2024 D&B Data; Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

Data obtained from the U.S. Bureau of Statistics reported the 2024 year-end unemployment rate at 3.6 percent. The AA unemployment rate was lower than the State of New Mexico rate of 3.9 percent and the national rate of 4.1 percent, for the same period.

According to Moody's Analytics, Albuquerque MSA's economy declined. After making progress in the second quarter of 2024, total non-farm payrolls have stagnated. The crucial government sector's employment remained unchanged over the past year, while healthcare is modestly increasing. Although the unemployment rate is rising, it remains below pre-pandemic norms, and the increase is largely due to new labor force entrants unabsorbed into the workforce rather than layoffs. House prices have leveled, leaving year-over-year house price growth below that of the state and nation. The area's experiencing increased residential permitting due to robust multifamily development. Top employers in the Albuquerque MSA AA include Sandia National Laboratories, Presbyterian Healthcare Services, Kirtland Air Force Base, University of New Mexico, and Lovelace Medical Center.

Examiners used the FFIEC updated median family income levels to analyze consumer loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges for the Albuquerque MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$86,400)	<\$43,200	\$43,200 to <\$69,120	\$69,120 to <\$103,680	≥\$103,680
<i>Source: FFIEC</i>				

Competition

The AA contains low competition for financial services. According to the FDIC's Deposit Market Share Report as of June 30, 2024, the AA contained 23 financial institutions that operated 108 full-service branches inside of the market. Of these institutions, CB ranked 11th with 1.3 percent of the deposit market share. The top 2 financial institutions account for 52.4 percent of the total deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management, community contact, and demographic and economic data, examiners determined that small business and consumer loans represent primary credit needs for the AA.

Regarding the area's community development needs, demographic data shows that 31.9 percent of the area's census tracts received low- or moderate-income designations suggesting a need for activities that revitalize or stabilize qualifying geographies. The demographic data further supports the need for projects that provide affordable housing and community services targeted to low- and moderate-income individuals, as well as economic development for small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN ALBUQUERQUE MSA AA

LENDING TEST

CB demonstrated a satisfactory record in the Albuquerque MSA AA regarding the Lending Test. Excellent geographic distribution hampered by poor borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Albuquerque MSA AA. Excellent small business performance lifted reasonable consumer loan performance to support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. As indicated in the following table, the bank's lending performance in low- and moderate-income census tracts significantly exceeds demographic data.

Geographic Distribution of Small Business Loans Albuquerque MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	13.7	8	26.7	2,895	23.7
Moderate	22.7	9	30.0	4,000	32.7
Middle	32.6	2	6.7	1,328	10.9
Upper	30.2	10	33.3	3,015	24.6
Not Available	0.8	1	3.3	1,000	8.2
Total	100.0	30	100.0	12,238	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The geographic distribution of consumer loans reflects reasonable dispersion. As shown in the following table, the bank did not originate any consumer loans in low-income census tracts; however, the bank's performance still falls within a reasonable range of demographic data. The bank's lending performance in moderate-income census tracts falls slightly below demographic data by 3.1 percentage points, also reflective of reasonable performance.

Geographic Distribution of Consumer Loans Albuquerque MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	6.7	0	0.0	0	0.0
Moderate	24.2	3	27.3	73	7.1
Middle	39.1	2	18.2	42	4.1
Upper	28.5	6	54.5	916	88.8
Not Available	1.4	0	0.00	0	0.0
Total	100.0	11	100.0	1,031	100.00
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration throughout the Albuquerque MSA AA. Poor performance regarding small business lending outweighed reasonable consumer lending performance to support this conclusion.

Small Business Loans

The distribution of small business loans, based on the borrower's profiles, reflects poor performance. As reflected in the following table, the bank originated 3 out of every 10 small business loans to businesses with revenues of \$1 million or less, reflective of poor performance.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Albuquerque MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	92.8	9	30.0	2,058	16.8
> \$1,000,000	2.0	19	63.3	9,119	74.5
Revenue Not Available	5.2	2	6.7	1,061	8.7
Total	100.0	30	100.0	12,238	100.0

Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Consumer Loans

The distribution of consumer loans, based on the borrower’s profiles, reflects reasonable performance. The bank’s lending performance to low-income borrowers trails demographic data by 7.6 percentage points, reflecting reasonable performance. The bank did not originate any consumer loans to moderate-income borrowers, reflecting very poor performance. However, examiners afforded more weight to performance to low-income borrowers, given the lower percentage of moderate-income households.

Distribution of Consumer Loans by Borrower Income Level					
Albuquerque MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	25.8	2	18.2	33	3.2
Moderate	15.5	0	0.0	0	0.0
Middle	17.1	2	18.2	18	1.7
Upper	41.6	5	45.5	925	89.7
Not Available	0.0	2	18.2	55	5.3
Total	100.0	11	100.00	1,031	100.00

Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

CB demonstrated excellent responsiveness to community development needs in the Albuquerque MSA AA through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development.

Community Development Loans

CB originated 42 community development loans totaling approximately \$111 million in the Albuquerque MSA AA. This level of activity represents 87.8 percent of the bank’s overall level of community development loans by dollar volume. This level of activity decreased by number and increased by dollar volume from the 73 loans totaling approximately \$102.9 million reported at the previous evaluation.

Community development lending primarily supported efforts to revitalize and stabilize low- and moderate- income geographies, and to a lesser degree provided affordable housing and community

services targeted to low- and moderate-income individuals and geographies and supported economic development. The following lists examples of community development loans in the Albuquerque MSA AA:

- ***Revitalize or Stabilize:*** In 2022, the institution originated a loan totaling \$8.5 million to construct a flex industrial facility located in a moderate-income census tract. The activity helps to attract new and retain existing businesses and residents to a moderate-income geography.
- ***Revitalize or Stabilize:*** In 2023, the institution renewed a \$10.0 million line of credit to a renewable energy company located in a moderate-income census tract. The activity helps to attract new and retain existing businesses and residents to a qualifying geography.

Qualified Investments

CB made 60 qualified investments totaling approximately \$11.2 million in the Albuquerque MSA AA. This level of activity represents 47.8 percent of the bank's overall level of qualified investments by dollar volume. This level of activity increased by both number and dollar volume from the 55 qualified investments totaling approximately \$10.1 million reported at the previous evaluation.

Qualified investments primarily provided for affordable housing and community services to low- and moderate-income individuals. The following lists examples of qualified investments in the Albuquerque MSA AA:

- ***Affordable Housing:*** In 2023, the bank invested over \$2 million in multi-family revenue bonds for the purpose of acquiring, rehabilitating, and equipping two multi-family housing apartment complexes which consist of 241 units. The project has 2 existing Housing Assistance Payment Contracts covering 92.9 percent of the units, thereby promoting affordable housing for low- and moderate-income individuals and families.
- ***Community Service:*** The bank maintained a prior period investment in a school bond totaling \$1.2 million. The majority of the students in the Albuquerque Public School District qualified for free or reduced lunch programs, and as a result, this activity primarily benefits low- and moderate-income individuals.
- ***Community Service:*** In 2022 and 2023, the bank donated a total of \$2 thousand to a non-profit organization that provides food for low- and moderate-income individuals.

Community Development Services

During the evaluation period, bank employees provided 28 instances of financial expertise or technical assistance to various community development related organizations in the Albuquerque MSA AA. This number of instances represents 22.6 percent of the bank's overall number of community development services. This is a decrease compared to the 69 community development services noted at the prior evaluation.

The community development services helped to provide community services to low- and moderate-income individuals and promote economic development. The following lists examples of the bank's community development services in the Albuquerque MSA AA:

- **Community Service:** In 2023, a bank employee provided financial literacy education in a school where the majority of the students qualified for free or reduced lunch programs.
- **Community Service:** In 2022, a bank employee served as a Board member for a non-profit organization that provided numerous programs to low- and moderate-income individuals.

The bank's sole branch in this AA is not located in a low- or moderate-income census tract. The bank does not operate any ATMs in this AA. The alternative delivery systems offered in this AA remain consistent with that previously discussed at the institution-level Community Development Services section.

LAS CRUCES MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LAS CRUCES MSA AA

The Las Cruces MSA AA, consistent with that noted at the prior evaluation, consists of all of Dona Ana County, which comprises the entire Las Cruces MSA. The bank maintains one full-service office and one ATM, both located in upper-income census tracts.

Although the AA did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census data increased the overall number of census tracts, as well as the number of low- and moderate-income census tracts in the AA.

Economic and Demographic Data

The Las Cruces MSA AA's census tracts reflect the following designations based on 2020 U.S. Census data: 4 low-income; 20 moderate-income; 14 middle-income; 18 upper-income; and 5 census tracts with no income designation. The following table illustrates select demographic data for the area.

Demographic Information of the Assessment Area Las Cruces MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	61	6.6	32.8	23.0	29.5	8.2
Population by Geography	219,561	6.1	29.0	30.0	29.4	5.5
Housing Units by Geography	88,937	4.9	30.6	28.5	30.6	5.4
Owner-Occupied Units by Geography	51,316	2.8	26.1	31.0	33.7	6.3
Occupied Rental Units by Geography	28,105	8.2	37.4	25.0	25.7	3.7
Vacant Units by Geography	9,516	6.0	34.8	24.7	28.9	5.6
Businesses by Geography	21,046	4.0	28.1	28.2	35.5	4.3
Farms by Geography	937	1.9	28.4	22.4	39.7	7.6
Family Distribution by Income Level	52,075	25.7	15.1	17.9	41.2	0.0
Household Distribution by Income Level	79,421	27.6	15.3	14.4	42.7	0.0
Median Family Income MSA - 29740 Las Cruces, New Mexico MSA		\$51,928	Median Housing Value			\$153,008
			Median Gross Rent			\$735
			Families Below Poverty Level			20.7%
<i>Source: 2020 U.S. Census Data; 2024 D&B Data; Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification</i>						

Data obtained from the U.S. Bureau of Statistics reported the 2024 year-end unemployment rate at 4.4 percent. The AA unemployment rate was higher than the State of New Mexico rate of 3.9 percent and the national rate of 4.1 percent, for the same period.

According to Moody's Analytics, Las Cruces MSA's economy declining and comparable to the New Mexico metro area rankings. Total non-farm payroll growth fell below the state and nation. The labor force remains roughly the same size as it was at the start of 2024, while the unemployment rate is declining. House prices held steady for most of the past year, pushing year-over-year house price appreciation below the national rate. Consequently, homebuilders retreat with single-family permits declining. Top employers in the Las Cruces MSA AA include White Sands Missile Range, New Mexico State University, Memorial Medical Center, Walmart, Coordinated Care Corporation, and Dona Ana Community College.

Examiners used the FFIEC updated median family income levels to analyze consumer loans under the borrower profile criterion. The following table presents the low-, moderate-, middle-, and upper-income ranges for the Las Cruces MSA AA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2024 (\$65,800)	<\$32,900	\$32,900 to <\$52,640	\$52,640 to <\$78,960	≥\$78,960
<i>Source: FFIEC</i>				

Competition

The AA contains low competition for financial services. According to the FDIC's Deposit Market Share Report as of June 30, 2024, the AA contained 17 financial institutions that operated 41 full-service branches inside of the market. Of these institutions, CB ranked 14th with 1.1 percent of the deposit market share. The top two financial institutions account for 53.2 percent of the total deposit market share.

Credit and Community Development Needs and Opportunities

Considering information from bank management, community contact, and demographic and economic data, examiners determined that small business and consumer loans represent primary credit needs for the AA.

Regarding the area's community development needs, demographic data shows that 39.4 percent of the area's census tracts received low- or moderate-income designations suggesting a need for activities that revitalize or stabilize qualifying geographies. The demographic data further supports the need for projects that provide affordable housing and community services targeted to low- and moderate-income individuals, as well as economic development for small businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LAS CRUCES MSA AA

LENDING TEST

CB demonstrated a satisfactory record in the Las Cruces MSA AA regarding the Lending Test. Excellent geographic distribution hampered by poor borrower profile performance supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects excellent dispersion throughout the Las Cruces MSA AA. Excellent small business performance outweighed poor consumer loan performance to support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects excellent dispersion. As indicated in the following table, the bank did not originate any loans in low-income census tracts, typically reflective of poor performance. However, the bank's performance still falls within a reasonable range of demographic data. The bank's lending performance in moderate-income census tracts far exceeded demographic data by 71.9 percentage points, reflecting excellent performance. Examiners afforded more weight to the bank's performance in moderate-income census tracts, given the lending opportunity in these tracts.

Geographic Distribution of Small Business Loans Las Cruces MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	4.0	0	0.0	0	0.0
Moderate	28.1	4	100.0	1,520	100.0
Middle	28.2	0	0.0	0	0.0
Upper	35.5	0	0.0	0	0.0
Not Available	4.3	0	0.0	0	0.0
Total	100.0	4	100.0	1,520	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The geographic distribution of consumer loans reflects poor dispersion. As indicated in the following table, the bank did not originate any consumer loans in low- or moderate-income census tracts, reflecting poor performance.

Geographic Distribution of Consumer Loans Las Cruces MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	4.7	0	0.0	0	0.0
Moderate	30.1	0	0.0	0	0.0
Middle	28.9	1	20.0	100	12.8
Upper	30.8	4	80.0	678	87.1
Not Available	5.4	0	0.0	0	0.00
Total	100.0	5	100.0	778	100.0
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects poor penetration throughout the Las Cruces MSA AA. Poor performance regarding small business and consumer lending supports this conclusion.

Small Business Loans

The distribution of small business loans, based on the borrower's profiles, reflects poor performance. As reflected in the following table, the bank originated approximately 2 out of every 10 small business loans to businesses with revenues of \$1 million or less, reflective of poor performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Las Cruces MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	90.0	1	25.0	220	14.5
> \$1,000,000	2.1	3	75.0	1,300	85.5
Revenue Not Available	7.9	0	0.0	0	0.0
Total	100.0	4	100.0	1,520	100.0
<i>Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Consumer Loans

The distribution of consumer loans, based on the borrower’s profiles, reflects poor performance. The bank did not originate any consumer loans to low- or moderate-income borrowers, reflecting poor performance.

Distribution of Consumer Loans by Borrower Income Level Las Cruces MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	27.6	0	0.0	0	0.0
Moderate	15.3	0	0.0	0	0.0
Middle	14.4	1	20.0	65	8.4
Upper	42.7	4	80.0	713	91.6
Not Available	0.0	0	0.0	0	0.00
Total	100.0	5	100.0	778	100.0
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

CB demonstrated adequate responsiveness to community development needs in the Las Cruces MSA AA through community development loans, qualified investments, and community development services, considering the institution’s capacity and the need and availability of such opportunities for community development.

Community Development Loans

CB originated 3 community development loans totaling \$1.7 million in the Las Cruces MSA AA. This level of activity represents 1.3 percent of the bank’s overall level of community development loans by dollar volume. The level of activity slightly decreased by number and increased by dollar volume from the 4 community development loans totaling \$1.3 million reported at the previous evaluation.

Community development lending entirely supported efforts to revitalize and stabilize low- and moderate- income geographies. The following lists examples of community development loans in the Las Cruces MSA AA:

- ***Revitalize or Stabilize:*** In 2022, the institution originated 2 loans totaling \$1.5 million to

purchase and renovate a 14-unit multi-family apartment complex located in a moderate-income census tract. The activity helps to attract new and retain existing businesses and residents to a moderate-income geography.

- ***Revitalize or Stabilize:*** In 2023, the institution originated a loan totaling \$200 thousand to a local daycare center, located in a moderate-income census tract. This activity helps to attract new and retain existing businesses and residents to a qualifying geography.

Qualified Investments

CB made 31 qualified investments totaling approximately \$4.5 million in the Las Cruces MSA AA. This level of activity represents 19.2 percent of the bank's overall level of qualified investments by dollar volume. This level of activity decreased by number, but remained consistent by dollar volume, from the 49 qualified investments totaling \$4.5 million reported at the previous evaluation.

The qualified investments proved responsive to the AAs' needs given that they addressed each identified community development need within the AA. The following lists examples of qualified investments in the Las Cruces MSA AA:

- ***Affordable Housing:*** The bank invested over \$837 thousand in multi-family housing revenue bonds for the purpose of planning, designing, constructing, acquiring, and preserving affordable housing for low- and moderate-income households. Specifically, the bonds funded a multi-family apartment complex which contains 70 units at or below 60 percent of the area median family income, thereby promoting affordable housing for low- and moderate-income individuals and families.
- ***Revitalize or Stabilize:*** The bank maintained two prior period investments in general obligation bonds totaling over \$1.5 million for infrastructure improvements, including a new fire station located in a moderate-income census tract. This activity helps to attract new and retain existing businesses and residents to a qualifying geography.

Community Development Services

During the evaluation period, bank employees provided 8 instances of financial expertise or technical assistance to various community development related organizations in the Las Cruces MSA AA. This number of instances represents 6.5 percent of the bank's overall number of community development services. This is a decrease compared to the 16 community development services noted at the prior evaluation.

The community development services helped to provide community services to low- and moderate-income individuals and promote economic development. The following points highlight examples of the bank's community development services in the Las Cruces MSA AA:

- ***Economic Development:*** In 2023, a bank employee served as a Board member for an economic development organization.

- **Community Service:** In 2024, a bank employee served as an Education Committee member by providing financial literacy training opportunities to schools where the majority of the students qualified for free or reduced lunch programs.

The bank operates one branch and one ATM, both located in upper-income census tracts. The alternative delivery systems offered in this AA remain consistent with that previously discussed at the institution-level Community Development Services section.

NEW MEXICO NON-MSA AA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN NEW MEXICO NON-MSA AA

The New Mexico Non-MSA AA, consistent with that noted at the prior evaluation, consists of all census tracts in Los Alamos County, and 10 of the 11 census tracts in Rio Arriba County. The geographies making up the AA are contiguous. The 14 census tracts reflect the following income designations: 1 moderate-income; 6 middle-income; 6 upper-income; and 1 census tract with no income designation. Although the AA did not change since the prior evaluation, changes in demographic data based on 2020 U.S. Census data increased the overall number of census tracts but decreased the number of moderate-income census tracts. In 2023 and 2024, the Federal Emergency Management Agency (FEMA) designated all six middle-income census tracts as either distressed or underserved. The bank maintains two full-service offices and three ATMs, located in middle- and upper-income census tracts. The following table illustrates select demographic data for the area.

Demographic Information of the Assessment Area						
New Mexico Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	14	0.0	7.1	42.9	42.9	7.1
Population by Geography	56,112	0.0	6.8	44.5	45.6	3.2
Housing Units by Geography	27,422	0.0	6.4	46.2	42.7	4.8
Owner-Occupied Units by Geography	15,267	0.0	5.0	40.8	49.9	4.3
Occupied Rental Units by Geography	4,818	0.0	5.0	42.0	50.1	2.8
Vacant Units by Geography	7,337	0.0	10.1	60.0	22.9	7.0
Businesses by Geography	4,582	0.0	5.3	34.3	57.4	2.9
Farms by Geography	199	0.0	9.5	39.7	44.2	6.5
Family Distribution by Income Level	12,410	17.3	10.6	12.7	59.3	0.0
Household Distribution by Income Level	20,085	21.1	9.7	12.2	57.1	0.0
Median Family Income Non-MSAs – New Mexico		\$57,380	Median Housing Value			\$226,193
			Median Gross Rent			\$729
			Families Below Poverty Level			11.4%
<small>Source: 2020 U.S. Census Data; 2024 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</small>						

As indicated above, this AA includes 4,582 non-farm businesses and 199 farms. The area contains 20,085 households of which 30.8 percent are low- and moderate-income households and 15.5 percent are households below the poverty level. Data obtained from the U.S. Bureau of Statistics reported the 2024 year-end unemployment rate for Los Alamos County at 1.9 percent and Rio Arriba County at 3.4 percent, compared to 3.9 percent for the state of New Mexico and 4.1 percent nationwide, for the same period. The area’s largest employers include Mountain View Regional Medical Center, Bank 34, Blake's Lotaburger, and Lovelace Health System.

The FEMA issued the following disaster declarations that affected Rio Arriba County during the evaluation period:

- New Mexico South Fork Fire and Salt Fire on June 20, 2024.
- Santa Clara Pueblo Severe Storms and Flooding on August 20, 2024.

CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW MEXICO NON-MSA AA

LENDING TEST

The institution’s lending performance in the New Mexico Non-MSA AA is consistent with the institution’s overall lending performance.

Geographic Distribution

Geographic Distribution of Consumer Loans New Mexico Non-MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	5.0	6	9.8	90	6.3
Middle	41.1	32	52.5	459	32.3
Upper	50.0	23	37.7	869	61.3
Not Available	3.9	0	0.00	0	0.00
Total	100.0	61	100.00	1,418	100.0
<i>Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%</i>					

Geographic Distribution of Small Business Loans New Mexico Non-MSA MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	0.0	0	0.0	0	0.0
Moderate	5.3	0	0.0	0	0.0
Middle	34.3	2	40.0	62	16.4
Upper	57.4	2	40.0	165	43.8
Not Available	2.9	1	20.0	150	39.8
Total	100.0	5	100.0	377	100.0

Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Borrower Profile

Distribution of Consumer Loans by Borrower Income Level New Mexico Non-MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	21.1	13	21.3	40	2.8
Moderate	9.7	9	14.8	78	5.5
Middle	12.2	8	13.1	162	11.4
Upper	57.1	9	14.8	845	59.6
Not Available	0.0	22	36.1	293	20.6
Total	100.0	61	100.0	1,418	100.0

Source: 2020 U.S. Census Data; Bank Data; Due to rounding, totals may not equal 100.0%

Distribution of Small Business Loans by Gross Annual Revenue Category New Mexico Non-MSA MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	88.3	1	20.0	37	9.7
> \$1,000,000	2.0	2	40.0	275	72.9
Revenue Not Available	9.7	2	40.0	65	17.4
Total	100.0	5	100.0	377	100.0

Source: 2024 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the New Mexico Non-MSA AA is below the institution's overall community development performance. The bank originated 8 community development loans totaling \$8 million which accounted for 6.3 percent of the institution's overall community development loans. The bank made 47 qualified investments totaling \$81 thousand which accounted for 0.3 percent of the institution's overall qualified investments. Lastly, bank employees provided 21 community development services which accounted for 16.9 percent of the institution's overall community development services.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

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

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

Community Development Test

The Community Development Test considers the following criteria:

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g, geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g, innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

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

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

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

Performance under applicable tests is often analyzed using only quantitative factors (e.g, geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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