

# **PUBLIC DISCLOSURE**

November 27, 2023

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Western Commerce Bank  
Certificate Number: 18389

127 South Canyon Street  
Carlsbad, New Mexico 88220

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 .....	2
DESCRIPTION OF ASSESSMENT AREAS.....	3
SCOPE OF EVALUATION .....	3
CONCLUSIONS ON PERFORMANCE CRITERIA.....	6
DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
NEW MEXICO NON-MSA AA – Full-Scope Review .....	10
ALBUQUERQUE MSA AA – Full-Scope Review .....	16
APPENDICES .....	20
INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....	20
GLOSSARY .....	21

## 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 Lending Test is rated Satisfactory.**

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes and individuals of different income levels (including low- and moderate-income).
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the rating.

**The Community Development Test is rated Satisfactory.**

The institution's community development performance demonstrates adequate responsiveness to community development needs in 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

Western Commerce Bank (WCB) maintains its headquarters in Carlsbad, New Mexico. Western Commerce Bancshares of Carlsbad, Inc., Carlsbad, New Mexico, a one-bank holding company, wholly owns the bank. The institution received a “Satisfactory” rating at its previous Federal Deposit Insurance Corporation (FDIC) CRA Evaluation dated November 16, 2020, using Intermediate Small Institution Examination Procedures.

WCB functions as a full-service community bank and operates 12 full-service branches and ten automated teller machines (ATMs). The institution closed the Security Branch on May 3, 2021. Effective June 1, 2023, WCB merged with Western Bank of Clovis, which resulted in the acquisition of two full service branches in Curry and Roosevelt Counties in New Mexico.

The institution offers various loan products including construction, commercial, residential, and consumer loans, primarily focusing on commercial lending. The institution also offered loans through the Small Business Administration (SBA) Paycheck Protection Program (PPP) and originated 680 PPP loans totaling approximately \$100 million during the evaluation period. The SBA, with support from the Department of the Treasury, implemented 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. The program includes loan forgiveness subject to certain conditions.

The institution also offers a variety of deposit products and services including checking, savings, and certificates of deposits. Alternative banking services offered by the institution include online and mobile banking, online bill pay, automated teller machines (ATMs), and peer-to-peer money transfers. The bank maintains hours typical for its area and the industry.

As of the September 30, 2023, Report of Income and Condition, bank assets totaled \$760.0 million, and included total loans of approximately \$424.0 million and total securities of \$273.5 million. Total deposits equaled approximately \$690.3 million as of the same date. The following table details the mix of outstanding loans as of September 30, 2023. Commercial loans constitute the largest percentage of outstanding loans at 58.7 percent.

<b>Loan Portfolio Distribution as of 9/30/2023</b>		
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>
Construction, Land Development, and Other Land Loans	13,581	3.2
Secured by Farmland	10,784	2.5
Secured by 1-4 Family Residential Properties	126,586	29.9
Secured by Multifamily (5 or more) Residential Properties	3,593	0.8
Secured by Nonfarm Nonresidential Properties	182,087	43.0
<b>Total Real Estate Loans</b>	<b>336,631</b>	<b>79.4</b>
Commercial and Industrial Loans	66,711	15.7
Agricultural Production and Other Loans to Farmers	602	0.1
Consumer Loans	3,626	0.9
Obligations of State and Political Subdivisions in the U.S.	0	0.0
Other Loans	79	<0.1
Lease Financing Receivable (net of unearned income)	16,322	3.9
Less: Unearned Income	0	0.0
<b>Total Loans</b>	<b>423,971</b>	<b>100.0</b>
<i>Source: Reports of Condition and Income</i>		

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

## **DESCRIPTION OF ASSESSMENT AREAS**

The CRA requires each financial institution to define one or more assessment areas for which examiners will evaluate its CRA performance. The bank designated two assessment areas: the Albuquerque Metropolitan Statistical Area assessment area (Albuquerque MSA AA) and the New Mexico Non-Metropolitan Statistical Area assessment area (New Mexico Non-MSA AA). The Albuquerque MSA AA is comprised of Bernalillo County, while the New Mexico Non-MSA AA is comprised of the full counties of Eddy and Lea. As noted, the bank recently merged with Western Bank of Clovis on June 1, 2023, and expanded the New Mexico Non-MSA AA to include Curry and Roosevelt Counties. However, examiners did not evaluate performance within Curry and Roosevelt Counties at this evaluation, given that the bank only operated in those counties for six months during 2023 and therefore, a full calendar year of reported data was not available for review. The bank's assessment areas meet the technical requirements of the CRA and do not arbitrarily exclude low- and moderate-income areas. Refer to the individual assessment areas for additional information.

## **SCOPE OF EVALUATION**

### **General Information**

This evaluation covers the period from the previous evaluation dated November 16, 2020, to the current evaluation dated November 27, 2023. To assess performance, examiners applied the Federal

Financial Institutions Examination Council (FFIEC) Intermediate Small Institution CRA Examination Procedures, which include the Lending Test and Community Development Test. The Appendix lists each tests' criteria.

Examiners applied full-scope procedures for both the New Mexico Non-MSA AA and the Albuquerque MSA AA. The following table shows that the New Mexico Non-MSA AA generated a majority of the bank's loans, relatively consistent with its percentages of the bank's deposits and offices. Consequently, examiners weighed performance in the New Mexico Non-MSA AA more than the Albuquerque MSA AA when arriving at applicable conclusions. Examiners weighed performance in each reviewed area consistent with lending level as reflected in the following table.

<b>Assessment Area Breakdown of Loans, Deposits, and Branches</b>						
<b>Assessment Area</b>	<b>Loans</b>		<b>Deposits</b>		<b>Branches</b>	
	<b>\$(000s)</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Albuquerque MSA	10,311	11.6	28,633	5.0	1	10.0
New Mexico Non-MSA	78,492	88.4	541,457	95.0	9	90.0
<b>Total</b>	<b>88,803</b>	<b>100.0</b>	<b>570,090</b>	<b>100.0</b>	<b>10</b>	<b>100.0</b>
<i>Source: Bank Data (01/01/2022 - 12/31/2022), FDIC Summary of Deposits (06/30/2022)</i>						

### **Activities Reviewed**

CRA Intermediate Small Institution Examination Procedures require examiners to determine the bank's major product lines for review. As an initial matter, examiners may select from the same loan categories used for CRA Large Institution evaluations: commercial, residential agricultural, and consumer loans. The following table shows the bank's lending activity for 2022.

<b>Loans Originated or Purchased</b>				
<b>Loan Category</b>	<b>\$(000s)</b>	<b>%</b>	<b>#</b>	<b>%</b>
Construction and Land Development	4,127	4.1	17	4.6
Secured by Farmland	4,422	4.4	11	2.9
Secured by 1-4 Family Residential	28,726	28.8	132	35.4
Multi-Family (5 or more) Residential	85	0.1	1	0.3
Commercial Real Estate Loans	34,146	34.3	39	10.5
Commercial and Industrial Loans	17,374	17.4	75	20.1
Agricultural Loans	65	0.1	4	1.1
Consumer Loans	1,581	1.6	69	18.5
Other Loans	9,134	9.2	25	6.7
<b>Total Loans</b>	<b>99,660</b>	<b>100.0</b>	<b>373</b>	<b>100.0</b>
<i>Source: Bank Data (01/01/2021 through 12/31/2021).</i>				

Considering the dollar volume and number of loans originated during 2022, as well as the products commonly reviewed for CRA, examiners determined that the major product lines consist of commercial loans at 51.7 percent by dollar and 30.6 percent by number, and residential loans at 28.9 percent by dollar and 35.7 percent by number. Examiners did not review agricultural or

consumer loans, as they are not major product lines and would not materially affect any conclusions or ratings. Bank records indicate that the lending focus and product mix remained generally consistent throughout the evaluation period.

Examiners reviewed all home mortgage loans reported on the bank's 2020, 2021, and 2022 Home Mortgage Disclosure Act (HMDA) Loan Application Registers (LARs). The bank reported 133 home mortgage loans totaling \$27.8 million in 2020, 105 home mortgage loans totaling \$21.7 million in 2021, and 123 home mortgage loans totaling \$28.2 million in 2022. This evaluation only presents home mortgage lending data for 2022 since it represents the most recent year for which aggregate data exists.

This evaluation also considered a sample of 47 small business loans totaling approximately \$7.6 million from a universe of 101 small business loans totaling approximately \$19.7 million originated between January 1, 2022, and December 31, 2022. D&B data for 2022 will serve as a standard of comparison for sampled small business loans. Examiners further reviewed all small business loans originated in the Albuquerque MSA AA, given the limited number of loans in the initial sample.

Examiners considered the universes of the dollar volume and number of loans for loan products reviewed as well as management's stated business strategy when weighing each products effect on overall conclusions for the applicable performance factors. Considering the universes by both number and dollar volume, home mortgage loans comprise a greater portion of the lending activity compared to small business loans, as seen in the following table. Therefore, examiners placed more weight on home mortgage loans when arriving at conclusions. However, home mortgage lending did not comprise a primary lending focus in the Albuquerque MSA AA and the volume of home mortgage loans available in this AA would not provide a meaningful conclusion. Therefore, examiners drew conclusions for this AA based solely on small business lending performance.

Loan Products Reviewed				
Loan Category	Universe		Reviewed	
	#	\$(000s)	#	\$(000s)
Home Mortgage	123	28,236	123	28,236
Small Business	101	19,745	47	7,598
Source: 1/1/2022 – 12/31/2022 Bank Data; 2022 HMDA LAR.				

For the Lending Test, examiners reviewed the number and dollar volume of loans. However, examiners focused on performance by number of loans because the number of loans provides a better indicator of the number of individuals and businesses served.

To evaluate the community development activities for the Community Development Test, bank management provided data on community development loans community development loans, qualified investments, and community development services since the prior CRA evaluation dated November 16, 2020. Examiners also considered any qualified investments purchased prior to the previous evaluation that remained outstanding as of the current evaluation's date.

## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

WCB demonstrated satisfactory performance regarding the Lending Test. A reasonable record regarding the loan-to-deposit (LTD) ratio, a majority of loans originated inside the assessment areas, and reasonable records regarding geographic distribution and borrower profile, support this conclusion.

### Loan-to-Deposit Ratio

WCB exhibited a reasonable LTD ratio given its size, financial condition, and assessment areas' credit needs. The average net LTD ratio was 57.2 percent over the past 12 calendar quarters from December 31, 2020, to September 30, 2023. The ratio ranged from a high of 63.5 percent as of December 31, 2020, to a low of 53.5 percent as of March 31, 2023. The average net LTD ratio increased from the 51.8 percent noted at the last evaluation. Although the ratio fluctuated, it reflects an increasing trend over recent quarters.

The following table shows two comparable institutions operating in similar areas and reflecting comparable asset sizes and lending emphases. WCB's ratio is in line with two similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 9/30/2023 (\$000s)	Average Net LTD Ratio (%)
Western Commerce Bank – Carlsbad, New Mexico	759,556	57.2
Citizens Bank – Farmington, New Mexico	779,548	39.1
CNB Bank - Carlsbad, New Mexico	808,401	68.2
<i>Source: Reports of Condition and Income (12/31/2020 to 9/30/2023)</i>		

### Assessment Area Concentration

The bank originated a majority of home mortgage and small business loans, by number and dollar volume, within its assessment areas, as seen in the following table.

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		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2020	125	94.0	8	6.0	133	26,207	94.4	1,558	5.6	27,765
2021	96	91.4	9	8.6	105	19,374	89.2	2,334	10.8	21,708
2022	109	88.6	14	11.4	123	23,300	82.5	4,937	17.5	28,236
Subtotal	330	91.4	31	8.6	361	68,881	88.6	8,829	11.4	77,710
Small Business	29	61.7	18	38.3	47	5,421	71.4	2,177	28.6	7,598
Source: Bank Data (2021); HMDA Reported Data (2020, 2021, 2022). Due to rounding, totals may not equal 100.0%										



### **Geographic Distribution**

The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. Consistent performance in the New Mexico Non-MSA AA supports this conclusion. Performance in the Albuquerque MSA AA is above the performance in the New Mexico Non-MSA AA, which received more weight. Examiners focused on the percentage by number of loans in low- and moderate-income census tracts relative to comparative data while taking into account any performance context issues when arriving at conclusions. This factor only considered loans originated inside the bank's assessment areas. Refer to each assessment area for a more detailed discussion of the bank's geographic loan distribution performance.

### **Borrower Profile**

The distribution of borrowers reflects reasonable penetration to individuals of different income levels and businesses of different sizes. Consistent performances in the Albuquerque MSA AA and the New Mexico Non-MSA AA support this conclusion. This factor only considered loans originated within the bank's assessment areas. Refer to each assessment area for a more detailed discussion of the bank's borrower profile performance.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

The institution's community development performance demonstrates adequate responsiveness to community development needs in 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.

### **Community Development Loans**

The institution originated 29 community development loans totaling approximately \$11.4 million. This level equates to 1.7 percent of average total assets of \$652.9 million and 3.3 percent of average total net loans of \$343.7 million since the prior evaluation. The institution originated community development loans that provide for affordable housing, to promote economic development, and to revitalize or stabilize qualifying geographies, which demonstrated the institution's responsiveness to identified community development needs.

Community Development Lending Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	1	30	18	6,125	19	6,155
2022	0	0	0	0	2	475	1	50	3	525
2023 (YTD)	1	1,350	0	0	4	1,876	2	1,508	7	4,734
<b>Total</b>	<b>1</b>	<b>1,350</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>2,381</b>	<b>21</b>	<b>7,683</b>	<b>29</b>	<b>11,414</b>
<i>Source: Bank Data</i>										

The institution's community development loans benefitted the following assessment areas:

- Albuquerque MSA AA – 12 community development loans totaling \$7.5 million.
- New Mexico Non-MSA AA – 17 community development loans totaling \$3.9 million.

### **Qualified Investments**

The institution made use of 12 qualified investments, including seven donations totaling \$5.0 million. The total volume of qualified investments represents 0.8 percent of average total assets and 1.7 percent of average total securities of \$290.0 million. The institution's investments targeted activities that promote affordable housing and economic development, which demonstrated the institution's responsiveness to identified community development needs.

Qualified Investments Institution										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	3	3,410	0	0	3	3,410
2020 (Partial)	0	0	0	0	0	0	0	0	0	0
2021	1	1,200	0	0	0	0	0	0	1	1,200
2022	0	0	0	0	1	400	0	0	1	400
YTD 2023	0	0	0	0	0	0	0	0	0	0
<b>Subtotal</b>	<b>1</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>3,810</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5,010</b>
Qualified Grants & Donations	1	1	6	5	0	0	0	0	7	6
<b>Total</b>	<b>2</b>	<b>1201</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3,810</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>5,016</b>
<i>Source: Bank Data.</i>										

The institution's qualified investments benefitted the following assessment areas:

- Albuquerque MSA AA– No community development qualified investments.
- New Mexico Non-MSA AA – 12 community development qualified investments totaling \$5.0 million.

## **Community Development Services**

The institution's employees provided 27 qualified community development services during the evaluation period. The services involve the institution's personnel use of their financial and technical expertise to benefit organizations or projects with a primary purpose of community development, primarily focused on community services targeted to low- or moderate-income individuals and that promote economic development.

<b>Community Development Services Institution</b>					
<b>Activity Year</b>	<b>Affordable Housing</b>	<b>Community Services</b>	<b>Economic Development</b>	<b>Revitalize or Stabilize</b>	<b>Totals</b>
	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>	<b>#</b>
2020 (Partial)	0	0	0	0	<b>0</b>
2021	0	6	2	0	<b>8</b>
2022	0	7	2	0	<b>9</b>
YTD 2023	0	8	2	0	<b>0</b>
<b>Total</b>	<b>0</b>	<b>21</b>	<b>6</b>	<b>0</b>	<b>27</b>
<i>Source: Bank Data.</i>					

The institution provided the following community development services in the bank's assessment areas.

- Albuquerque MSA AA– 3 community development services.
- New Mexico Non-MSA AA – 24 community development services

The institution did not operate any offices in low- or moderate-income census tracts; however, locations are within close proximity to serve such geographies, and the institution provides alternative delivery systems that help avail its services to low- and moderate-income individuals and geographies. Those alternative systems include internet and mobile banking, as well as eight proprietary automated teller machines (ATMs). Consequently, the alternative delivery systems compliment the limited accessibility of branch distribution systems in low- and moderate-income geographies.

## **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.

## NEW MEXICO NON-MSA AA – Full-Scope Review

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

The New Mexico Non-MSA AA includes all of Eddy and Lea Counties. The assessment area consists of 2 low-, 12 middle-, and 17 upper-income census tracts. Previously, the 2015 American Community Survey (ACS) data reflected 2 moderate-, 12 middle-, and 16 upper-income census tracts. The AA meets the technical requirements of the CRA. The bank operates nine branches in this assessment area located in the following income designations: 3 middle-income census tracts and 6 upper-income census tracts. Additionally, the bank operates six ATMs, of which two are in middle-income census tracts and four in upper-income census tracts.

The unemployment rate for Eddy County at 2.1 percent and for Lea County at 2.8 percent as of December 2022 are lower than the 3.0 percent rate for the State of New Mexico and the U.S. rate of 3.5 percent for the same period.

The 2022 D&B data reveals the largest industries in the Non-MSA AA include services, non-classifiable establishments, transportation/communication, and retail trade. The major employers in the assessment area include WIPP, Carlsbad Municipal School, Halliburton, Hobbs Municipal Schools, Lea Regional Medical Center, Patterson-URI Drilling Co, City of Carlsbad, and Carlsbad Medical Center.

The following table presents demographic data for the assessment 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)	31	6.5	0.0	38.7	54.8	0.0
Population by Geography	136,769	5.5	0.0	37.1	57.4	0.0
Housing Units by Geography	51,741	5.9	0.0	36.7	57.4	0.0
Owner-Occupied Units by Geography	30,643	5.2	0.0	31.5	63.2	0.0
Occupied Rental Units by Geography	13,773	8.0	0.0	45.0	47.0	0.0
Vacant Units by Geography	7,325	4.8	0.0	42.5	52.7	0.0
Business by Geography	11,451	5.9	0.0	32.3	61.8	0.0
Farms by Geography	342	5.0	0.0	24.9	70.2	0.0
Family Distribution by Income Level	31,702	18.0	12.1	17.2	52.8	0.0
Household Distribution by Income Level	44,416	18.3	12.3	12.6	56.8	0.0
Median Family Income Non-MSAs - NM		\$57,380	Median Housing Value			\$148,837
			Median Gross Rent			\$908
			Families Below Poverty Level			12.6%
Source: 2020 U.S. Census and 2022 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.						

Examiners used the applicable FFIEC Median Family Income levels to analyze home mortgage loans under the borrower profile performance factor. The following table shows the applicable income ranges based on the 2022 FFIEC-estimated Median Family Income of \$63,800 for the New Mexico Non-MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
NM Non MSA Median Family Income (99999)				
2022 (\$63,800)	<\$31,900	\$31,900 to <\$51,040	\$51,040 to <\$76,560	≥\$76,560
<i>Source: FFIEC</i>				

### **Competition**

The assessment area is in a low competitive financial service market. According to the FDIC Deposit Market Share data as of June 30, 2022, 11 institutions operated 37 offices within this assessment area. Of these institutions, WCB ranked 4<sup>th</sup> with a 14.4 percent deposit market share. The top two financial institutions account for 38.8 percent of the total deposit market share.

### **Community Contact**

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

Examiners reviewed an existing community contact with an economic development organization serving the AA. The contact stated that unemployment is low in the area with oil and gas, potash mining, nuclear energy, and tourism driving the local economy. The area has also seen growth in retail establishments and restaurants since the end of the COVID-19 pandemic. The contact stated that the area has limited housing stock due to the influx of transient oil workers, the high construction costs, and the limited workforce available to build. The contact also stated that the primary credit needs of the area include capital for start-up businesses and affordable housing. The contact was not aware of any CD opportunities for participation by local financial institutions, but stated that the financial institutions are very involved 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 home mortgage lending represents primary credit needs for the AA. The demographic data also shows that 30.1 percent of the area's families reported low- or moderate-incomes, which suggests a need for activities that provide community services to these families. Additionally, a need exists to expand affordable housing stock in the AA.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW MEXICO NON-MSA AA

### LENDING TEST

WCB demonstrated a satisfactory record in the New Mexico Non-MSA AA regarding the Lending Test. The reasonable records regarding borrower profile and geographic distribution support this conclusion.

### Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the New Mexico Non-MSA AA. Reasonable records regarding home mortgage and small business loans supports this conclusion. The assessment area did not contain any moderate-income tracts; therefore, analysis is based on performance in low-income census tracts.

#### *Home Mortgage Loans*

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the New Mexico Non-MSA AA. As seen in the following table, the bank did not originate any loans in low-income census tracts, typically considered poor. However, limited opportunities exist, given the nominal owner-occupied units and the low level of aggregate performance at 1.9 percent.

Geographic Distribution of Home Mortgage Loans Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	5.2	1.9	0	0.0	0	0.0
Moderate	0.0	0.0	0	0.0	0	0.0
Middle	31.5	31.9	23	22.8	3,514	16.2
Upper	63.2	66.1	78	77.2	18,227	83.8
Not Available	0.0	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>101</b>	<b>100.0</b>	<b>21,741</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

#### *Small Business Loans*

The geographic distribution of small business loans reflects reasonable dispersion throughout the New Mexico Non-MSA AA. The following table shows the bank's small business lending in low-income geographies trails 1.7 percentage points reflecting reasonable performance.

Geographic Distribution of Small Business Loans Non-MSA AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low	5.9	1	4.2	75	1.9
Moderate	0.0	0	0.0	0	0.0
Middle	32.3	6	25.0	710	18.4
Upper	61.8	17	70.8	3,082	79.7
Not Available	0.0	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>3,867</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the New Mexico Non-MSA AA, reasonable penetration to individuals of different income levels and businesses of different sizes.

### ***Home Mortgage Loans***

The distribution of home mortgage loans to individuals of different income levels, including low- and moderate-income borrowers, reflects reasonable penetration. The following table shows that the bank's level of lending to low-income borrowers is below aggregate data by 0.7 percentage points, which indicates reasonable performance. The bank's level of lending to moderate-income borrowers is 0.5 percentage points below aggregate data, which also indicates reasonable performance.

Distribution of Home Mortgage Loans by Borrower Income Level Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	18.0	1.7	1	1.0	103	0.5
Moderate	12.1	10.4	10	9.9	1,132	5.2
Middle	17.2	18.2	15	14.9	2,600	12.0
Upper	52.8	44.1	62	61.4	15,057	69.3
Not Available	0.0	25.5	13	12.9	2,849	13.1
<b>Totals</b>	<b>100.0</b>	<b>100.0</b>	<b>101</b>	<b>100.0</b>	<b>21,741</b>	<b>100.0</b>
<i>Source: 2015 ACS; Bank Data, 2022 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%.</i>						

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The reasonable level of lending to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

The following table shows that the bank originated nearly six out of every ten small business loans to businesses with gross annual revenues of \$1.0 million or less, reflecting reasonable performance.

Distribution of Small Business Loans by Gross Annual Revenues Non-MSA AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<= \$1,000,000	83.8	14	58.4	1,594	41.2
>\$1,000,000	4.1	8	33.3	2,187	56.6
Revenue Not Available	12.1	2	8.3	86	2.2
<b>Total</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>3,867</b>	<b>100.0</b>
<i>Source: 2021 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## COMMUNITY DEVELOPMENT TEST

WCB demonstrates adequate responsiveness to community development needs in the New Mexico Non-MSA AA 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 assessment area.

### Community Development Loans

The bank granted 12 community development loans totaling \$3.9 million in the New Mexico Non-MSA AA. This level represents 34.2 percent of the adequate level of total community development lending for the institution overall, while the area accounted for 88.4 percent of loans overall. The institution originated community development loans that primarily revitalize or stabilize qualifying geographies, demonstrating responsiveness to an identified need in the assessment area.

The following lists an example of a notable community development loan in the New Mexico Non-MSA AA.

- ***Revitalize or Stabilize:*** In 2023, the bank originated a loan totaling \$720 thousand to a business located in a distressed tract that will create attract and retain businesses that create jobs for low- and moderate-income individuals.

### Qualified Investments

The made use of 12 qualified investments totaling approximately \$5.0 million. The volume represents 100.0 percent of the overall level of qualified investments by both number and by dollar. Comparatively, the area accounted for 95.0 percent of the institution's deposits. Qualified investments primarily provided for affordable housing for low- and moderate-income individuals in the assessment area and that promote economic development.

The following details a qualified investment in the New Mexico Non-MSA AA.



- ***Affordable Housing:*** The bank invested \$1.2 million in a Federal National Mortgage Association (FNMA) bond. The mortgage investment pool includes loans for affordable housing to low- and moderate-income individuals in the New Mexico Non-MSA AA.

### **Community Development Services**

During the evaluation period, bank employees provided 24 instances of financial expertise or technical assistance to various community development related organizations and people in the Non-MSA AA. This is a decline from the 37 services noted at the prior evaluation. The community development services primarily helped to provide community services to low- and moderate-income individuals and promote economic development.

The following lists examples of a community development services in the New Mexico Non-MSA AA.

- ***Community Services*** – A bank employee serves as a Board member of a non-profit organization that provides legal assistance to low- and moderate-income children, including foster children, by serving as court appointed special advocates.

WCB does not operate any branches or ATMs in low- or moderate-income tracts in the New Mexico Non-MSA AA. The availability of alternative banking services remains the same as that discussed at the institution level.

## ALBUQUERQUE MSA AA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ALBUQUERQUE MSA AA

The Albuquerque MSA AA includes all of Bernalillo County. WCB operates one full-service office located in a middle-income census tract. Additionally, the bank operates one ATM in a middle-income census tract.

#### **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-, 42 moderate-, 61 middle-, 52 upper-income tracts, and 7 census tracts with no income designation. The CTs reflect the following income designations according to 2015 American Community Survey (ACS) data: 10 low-, 46 moderate-, 44 middle-, 51 upper-income tracts, and two census tract 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	81,443	8.8	23.6	34.4	31.9	1.2
Farms by Geography	1,385	5.7	21.1	39.8	32.2	1.2
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 Albuquerque MSA – NM		\$68,660	Median Housing Value			\$212,176
			Median Gross Rent			\$928
			Families Below Poverty Level			11.8%
Source: 2020 U.S. Census and 2022 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.						

Examiners used the applicable FFIEC Median Family Income levels to analyze home mortgage loans under the borrower profile performance factor. As an example, the following table shows the applicable income ranges based on the 2022 FFIEC-estimated Median Family Income of \$77,100 for the Albuquerque MSA.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Albuquerque, NM MSA Median Family Income (10740)				
2022 (\$77,100)	<\$38,550	\$38,550 to <\$61,680	\$61,680 to <\$92,520	≥\$92,520
Source: FFIEC				

The unemployment rate for Bernalillo County at 2.6 percent, as of December 2022, is lower than the 3.0 percent rate for the State of New Mexico and the U.S. rate of 3.5 percent for the same period.

The 2022 D&B data reveals the largest industries in the Albuquerque MSA AA include services, non-classifiable establishments, retail trade, and finance/insurance. The major employers in the assessment area include Albuquerque Public Schools, Sandia National Laboratories, Presbyterian Healthcare Services, University of New Mexico, and the City of Albuquerque.

### **Competition**

The assessment area is in a competitive financial service market. According to the FDIC Deposit Market Share data as of June 30, 2022, 23 institutions operated 108 offices within this assessment area. Of these institutions, WCB ranked 20<sup>th</sup> with a 0.2 percent deposit market share. The top two financial institutions account for 54.8 percent of the total deposit market share.

### **Credit and Community Development Needs and Opportunities**

Considering information obtained from bank management, as well as demographic and economic data, examiners concluded the primary credit needs of the assessment area include small business and home mortgage loans. With respect to the area's community development needs, demographic data supports the need for projects that provide affordable housing, community services targeted to low- and moderate-income individuals, as well as economic development for small businesses.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW MEXICO ALBUQUERQUE MSA AA**

### **LENDING TEST**

WCB demonstrated a satisfactory record in the Albuquerque MSA AA regarding the Lending Test. The reasonable record regarding borrower profile hampered the excellent geographic distribution record to support this conclusion.

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the Albuquerque MSA AA.

### ***Small Business Loans***

The geographic distribution of small business loans reflects excellent dispersion throughout the Albuquerque MSA AA. The following table shows the bank's small business lending in low-income geographies trails demographic data by 2.9 percentage points reflecting reasonable performance. In moderate-income census tracts, the bank's lending level exceeded demographic data by 41.1 percentage points, reflecting an excellent range of comparable data. More weight was placed on the bank's performance in moderate-income census tracts given the more limited lending opportunities in the AA's low-income census tracts, as indicated by the demographic data.

<b>Geographic Distribution of Small Business Loans Albuquerque MSA AA</b>					
<b>Tract Income Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
Low	8.8	1	5.9	825	15.1
Moderate	23.6	11	64.7	2,416	44.3
Middle	34.4	2	11.8	1,322	24.3
Upper	31.9	3	17.6	885	16.2
Not Available	1.2	0	0.0	0	0.0
<b>Totals</b>	<b>100.0</b>	<b>17</b>	<b>100.0</b>	<b>5,448</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the Albuquerque MSA AA, reasonable penetration to businesses of different sizes.

### ***Small Business Loans***

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The reasonable level of lending to businesses with gross annual revenues of \$1.0 million or less supports this conclusion. The following table shows that the bank originated over eight out of every ten small business loans to businesses with gross annual revenues of \$1.0 million or less, reflecting reasonable performance.

<b>Distribution of Small Business Loans by Gross Annual Revenues Albuquerque MSA AA</b>					
<b>Gross Revenue Level</b>	<b>% of Businesses</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>%</b>
<= \$1,000,000	89.5	14	82.4	3,723	68.3
>\$1,000,000	3.0	3	17.6	1,725	31.7
Revenue Not Available	7.5	0	0.0	0	0.0
<b>Total</b>	<b>100.0</b>	<b>24</b>	<b>100.0</b>	<b>5,448</b>	<b>100.0</b>
<i>Source: 2022 D&amp;B Data; Bank Data. Due to rounding, totals may not equal 100.0%</i>					

## COMMUNITY DEVELOPMENT TEST

WCB demonstrates adequate responsiveness to community development needs in the Albuquerque MSA AA through community development loans and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area, despite the lack of community development investments. Conclusions proved inconsistent for the performance of the institution.

### **Community Development Loans**

The bank granted 9 community development loans totaling \$7.5 million in the Albuquerque MSA AA. This level represents 65.8 percent of the adequate level of total community development lending for the institution overall, while the area accounted for 11.6 percent of loans overall. The institution originated community development loans that primarily revitalize or stabilize qualifying geographies, demonstrating responsiveness to an identified need in the assessment area.

The following lists an example of a notable community development loan in the Albuquerque MSA AA.

- ***Affordable Housing:*** The bank originated over \$1.3 million to an entity for the renovation of a 20-unit apartment complex that provides affordable housing primarily to low- and moderate-income individuals.

### **Qualified Investments**

The institution did not make any qualified investments during the review period. Comparatively, the area accounted for 5.0 percent of the institution's deposits. This is a decline from the \$1.2 million invested during the prior evaluation.

### **Community Development Services**

During the evaluation period, bank employees provided three instances of financial expertise or technical assistance to various community development related organizations and people in the Albuquerque MSA AA. This is a decline from the seven services noted at the prior evaluation. The community development services primarily helped to provide community services to low- and moderate-income individuals and promote economic development.

The following lists an example of a community development service in the Albuquerque MSA AA.

- ***Community Services*** – A bank employee led a financial literacy session at a local elementary school for low- and moderate-income students.

WCB does not operate any branches or ATMs in low- or moderate-income tracts in the Albuquerque MSA AA. The availability of alternative banking services remains the same as that discussed at the institution level.

## **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.