

# **PUBLIC DISCLOSURE**

April 18, 2022

## **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 .....                                 | 2  |
| DESCRIPTION OF ASSESSMENT AREAS.....                             | 4  |
| SCOPE OF EVALUATION.....   | 5  |
| CONCLUSIONS ON PERFORMANCE CRITERIA.....                         | 7  |
| DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....     | 12 |
| NEW MEXICO NON-MSA AA – Full-Scope Review .....                  | 12 |
| SANTA FE, NM MSA ASSESSMENT AREA – Full-Scope Review .....       | 19 |
| ALBUQUERQUE, NM MSA ASSESSMENT AREA – Limited-Scope Review ..... | 26 |
| LAS CRUCES, NM MSA ASSESSMENT AREA – Limited-Scope Review .....  | 30 |
| APPENDICES .....   | 34 |
| INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA.....                | 34 |
| GLOSSARY .....   | 35 |

## 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 given the bank's size, financial condition, and the assessment areas' credit needs.
- A substantial majority of loans and other related activities are in the bank's assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration of loans among businesses of different sizes.
- The bank did not receive any CRA-related complaints during the evaluation period; therefore, this criterion 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 is a full-service community bank operating from its charter office in Santa Fe, New Mexico. Century Financial Services Corporation, Santa Fe, a one-Bank Holding Company, wholly owns the bank. The bank did not have and banking related affiliates or subsidiary entities that would affect conclusions in this evaluation. The institution was assigned a “Satisfactory” rating at the previous FDIC CRA Evaluation dated June 10, 2019, based on Interagency Intermediate Small Institution Examination Procedures, with the Lending Test assigned a “Satisfactory” rating and the Community Development Test assigned an “Outstanding” rating. The institution did not participate in any merger or acquisition activity during the evaluation period.

In addition to the main office, Century bank operates eight brick-and-mortar branch offices located throughout central and southern New Mexico in the Cities of Albuquerque, Espanola, Las Cruces, Los Alamos, and Santa Fe. The Los Alamos branch office opened in October 2019, while a branch office located in Rio Rancho, New Mexico, closed effective April 28, 2021. The newly opened Los Alamos branch is geographically located in an upper-income census tract in Los Alamos County while the closed Rio Rancho branch office was located in an upper-income census tract in Sandoval County, New Mexico. The institution continues to operate one Loan Production Office located in Addison, Texas

Century Bank reported total assets of approximately \$1.2 billion as of December 31, 2021, including \$664.3 million in total loans and \$351.6 million in total securities. Total assets increased approximately 39.6 percent since the prior evaluation, with total loans and total securities increasing approximately 27.4 and 24.6 percent, respectively. Total deposits were reported at \$1.1 billion, increasing approximately 48.8 percent since the previous evaluation. The following table details the institution’s loan portfolio as of the December 31, 2021, Reports of Condition and Income filing.

| <b>Loan Portfolio Distribution as of 12/31/2021</b>         |                 |              |
|---|-----------------|--------------|
| <b>Loan Category</b>  | <b>\$(000s)</b> | <b>%</b>     |
| Construction, Land Development, and Other Land Loans        | 69,768          | 10.5         |
| Secured by Farmland   | 0               | 0.0          |
| Secured by 1-4 Family Residential Properties                | 46,366          | 7.0          |
| Secured by Multifamily (5 or more) Residential Properties   | 45,220          | 6.8          |
| Secured by Nonfarm Nonresidential Properties                | 267,510         | 40.3         |
| <b>Total Real Estate Loans</b>                              | <b>428,864</b>  | <b>64.6</b>  |
| Commercial and Industrial Loans                             | 184,616         | 27.8         |
| Agricultural Production and Other Loans to Farmers          | 0               | 0.0          |
| Consumer Loans  | 48,573          | 7.3          |
| Obligations of State and Political Subdivisions in the U.S. | 3,537           | 0.5          |
| Other Loans   | 212             | 0.0          |
| Lease Financing Receivable (net of unearned income)         | 1,618           | 0.3          |
| Less: Unearned Income                                       | 3,102           | 0.5          |
| <b>Total Loans</b>  | <b>664,318</b>  | <b>100.0</b> |
| <i>Source: Reports of Condition and Income</i>              |                 |              |

As detailed in the table, commercial loans account for a majority of the institution’s loan portfolio, by dollar volume, at 68.1 percent, followed by home mortgage loans at 13.8 percent, construction loans at 10.5 percent, and consumer loans at 7.3 percent. The institution reported no agriculture-purpose loans.

The institution makes available home mortgage loans, non-residential consumer loans, and various commercial-purpose loan products. Home mortgage loans, tailored to first-time and low- and moderate-income homebuyers, are offered through the institution in partnership with third-party entities to include New Mexico Mortgage Finance Authority and the Santa Fe Community Housing Trust. The institution introduced a non-residential consumer loan program termed “Credit Constructor” since the previous evaluation aimed at first-time borrowers, or borrowers that do not have a credit score, and is designed to help the borrower establish credit history. The institution offers commercial loan programs guaranteed through the Small Business Administration and partnered with the State of New Mexico through the New Mexico Finance Authority to service loans originated through the Small Business Recovery Loan Fund.

Century Bank offers a variety of deposit account products to consumer and commercial customers to include demand deposit, savings, certificates of deposit, and individual retirement accounts. The institution’s “Century Checking” consumer account features no monthly service charge. Alternative delivery systems for provision of banking services include a transactional website, a mobile banking application, remote deposit capture, telephone banking (bilingual customer service available), and automated teller machines (ATMs) that offer bilingual accessibility. Regarding ATM access, Century Bank participates in the MoneyPass Network to allow customers to access surcharge-free ATMs nationwide. The institution enacted technology since the previous evaluation to allow consumer customers to open deposit accounts online.

Examiners identified no financial, legal, or other impediment that impact the institution’s ability to meet the credit needs of the assessment areas.

## DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which examiners will evaluate its CRA performance. Century Bank designated five assessment areas, all entirely within the State of New Mexico, described as the Albuquerque, NM Metropolitan Statistical Area (MSA) Assessment Area; the Las Cruces, NM MSA Assessment Area; the Los Alamos, NM Non-MSA Assessment Area; the Rio Arriba, NM Non-MSA Assessment Area; and, the Santa Fe, NM MSA Assessment Area. The evaluation identified no distinct trends or significant demographic differences between the Non-MSA assessment areas that would materially affect conclusions. As such, this evaluation combines for presentation purposes the institution’s performance in the Los Alamos, NM Non-MSA Assessment Area and the Rio Arriba, NM Non-MSA Assessment Area, hereafter referred to as the “New Mexico Non-MSA Assessment Area”. Information on each assessment area is detailed in subsequent sections of this Evaluation. The following table displays the geographical county composition of the designated assessment areas and number of Century Bank offices operating in each.

| <b>Description of Assessment Areas</b> |                                      |                 |                      |
|--|--------------------------------------|-----------------|----------------------|
| <b>Assessment Area</b>                 | <b>Counties in Assessment Area</b>   | <b># of CTs</b> | <b># of Branches</b> |
| Albuquerque, NM MSA                    | Bernalillo County                    | 153             | 1                    |
| Las Cruces, NM MSA                     | Dona Ana County                      | 41              | 1                    |
| New Mexico Non-MSA                     | Los Alamos County; Rio Arriba County | 12              | 2                    |
| Santa Fe, NM MSA                       | Santa Fe County                      | 50              | 5                    |
| <i>Source: Bank Data</i>               |                                      |                 |                      |

The following table presents loan, deposit, and branch office distribution by assessment area.

| <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, NM MSA  | 233,925         | 51.7         | 231,156          | 20.8         | 1               | 11.1         |
| Las Cruces, NM MSA   | 37,538          | 8.3          | 24,722           | 2.2          | 1               | 11.1         |
| New Mexico Non-MSA   | 31,909          | 7.0          | 263,237          | 23.6         | 2               | 22.2         |
| Santa Fe, NM MSA   | 149,102         | 33.0         | 594,411          | 53.4         | 5               | 55.6         |
| <b>Total</b>   | <b>452,474</b>  | <b>100.0</b> | <b>1,113,526</b> | <b>100.0</b> | <b>9</b>        | <b>100.0</b> |
| <i>Source: Bank Data (12/31/2021) (Loan volume does not include lending activity from the Addison, TX, LPO); FDIC Summary of Deposits (06/30/2021)</i> |                 |              |                  |              |                 |              |

## SCOPE OF EVALUATION

### General Information

This evaluation covers the period from the previous FDIC CRA evaluation conducted June 10, 2019, to the current evaluation dated April 18, 2022. Examiners used Interagency Intermediate Small Bank Examination Procedures to evaluate Century Bank's CRA performance. These procedures include the Lending Test and the Community Development Test. Refer to the appendix for each tests' criteria.

As noted, the institution operates in five assessment areas. Examiners applied full-scope procedures to the New Mexico Non-MSA Assessment Area and the Santa Fe, NM MSA Assessment Area, while limited-scope procedures were utilized for the Albuquerque, NM MSA Assessment Area and the Las Cruces, NM MSA Assessment Area. Performance in the Albuquerque, NM MSA Assessment Area and Santa Fe, NM MSA Assessment Area contributed more weight to overall conclusions as these areas accounted for a significant volume of loan and deposit activity and included a majority of the institution's branch offices.

### Activities Reviewed

CRA Intermediate Small Bank Examination Procedures require examiners to determine the institution's major product lines from which to review. Examiners may select from among the same loan categories used for CRA Large Institution evaluations: home mortgage, small business, small farm, and consumer loans. The following table details the institution's loan originations and renewals in calendar year 2021.

| Loans Originated or Purchased                   |                |              |              |              |
|---|----------------|--------------|--------------|--------------|
| Loan Category                                   | \$(000s)       | %            | #            | %            |
| Construction and Land Development               | 107,295        | 16.0         | 68           | 5.9          |
| Secured by Farmland                             | 0              | 0.0          | 0            | 0.0          |
| Secured by 1-4 Family Residential Properties    | 18,289         | 2.7          | 64           | 5.5          |
| Multi-Family (5 or more) Residential Properties | 52,926         | 7.9          | 6            | 0.5          |
| Commercial Real Estate Loans                    | 105,726        | 15.7         | 81           | 7.0          |
| Commercial and Industrial Loans                 | 363,378        | 54.1         | 668          | 57.9         |
| Agricultural Loans                              | 0              | 0.0          | 0            | 0.0          |
| Consumer Loans                                  | 24,156         | 3.6          | 267          | 23.1         |
| Other Loans                                     | 0              | 0.0          | 0            | 0.0          |
| <b>Total Loans</b>                              | <b>671,770</b> | <b>100.0</b> | <b>1,154</b> | <b>100.0</b> |

*Source: 2021 Bank Data. Due to rounding, totals may not equal 100.0.*

Considering the dollar volume and number of loans originated during 2021, as well as the institution's business strategy, examiners determined that Century Bank's major product line is commercial loans. Bank records indicate that while the bank's overall lending increased since the previous evaluation, the lending focus and product mix remained relatively stable. No other loan product types, including home mortgage, agricultural, or consumer loans, represent major product

lines and thus would not materially affect any conclusions or ratings. Therefore, this evaluation does not include a review of these product types.

For the Lending Test, examiners analyzed a random sample of 213 small business loans totaling nearly \$39.1 million from a universe of 671 small business loans totaling \$111.9 million in calendar year 2021, the most recent full calendar year of available data. Examiners used 2021 D&B data as the standard of comparison for small business lending performance. While this evaluation presents both the number and dollar volume of loans, examiners emphasized performance by number of loans because the number of loans better indicates the number of businesses and individuals served.

For the Community Development Test, bank management provided data on community development loans, qualified investments, and community development services since the previous CRA evaluation. The evaluation of qualified investments includes 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 assessment area's needs.

### ***Small Business Administration (SBA) Payment Protection Program (PPP) loans***

The PPP was established by the Coronavirus Aid, Relief and Economic Security (CARES) Act and implemented by the SBA with support from the Department of the Treasury. The PPP provides loans to encourage qualified businesses to retain employees through the COVID-19 pandemic and includes loan forgiveness subject to certain conditions. The FDIC encourages financial institutions to consider using these programs in a prudent manner as they actively work with small business borrowers with less financial flexibility to weather near-term operational challenges due to the COVID-19. As of the date of this evaluation, Century Bank originated 899 PPP loans totaling approximately \$143.2 million.



## CONCLUSIONS ON PERFORMANCE CRITERIA

### LENDING TEST

Century Bank demonstrated satisfactory performance under the Lending Test. Reasonable loan-to-deposit ratio and borrower profile performance, excellent geographic distribution performance, and a substantial majority of loans originated inside the assessment area support this conclusion.

#### Loan-to-Deposit Ratio

Century Bank’s loan-to-deposit ratio is reasonable, considering seasonal variations and taking into account lending-related activities, the institution’s size, financial condition, and credit needs of the assessment areas. The net loan-to-deposit ratio averaged 67.0 percent over the past 11 calendar quarters since the previous evaluation. The loan-to-deposit ratio fluctuated from a low of 59.3 percent as of September 30, 2021, to a high of 72.3 percent reported as of September 30, 2020, but reflected a generally stable trend over the evaluation period. The average net loan-to-deposit ratio has increased since the 65.7 percent noted at the previous evaluation.

Examiners analyzed the institution’s loan-to-deposit ratio performance against similarly situated financial institutions that reflect similar asset size, lending focus, branch structure, and geographic location served, noting that Century Bank’s ratio reflects generally comparable performance.

| <b>Loan-to-Deposit Ratio Comparison</b>                               |   |  |
|---|---|--|
| <b>Bank</b>   | <b>Total Assets as of<br/>12/31/2021<br/>(\$000s)</b> | <b>Average Net<br/>LTD Ratio<br/>(%)</b> |
| <b>Century Bank, Santa Fe, New Mexico</b>                             | <b>1,225,471</b>                                      | <b>67.0</b>                              |
| First American Bank, Artesia, New Mexico                              | 1,550,725   | 60.4                                     |
| Western Commerce Bank, Carlsbad, New Mexico                           | 631,495   | 56.4                                     |
| Citizens Bank of Las Cruces, Las Cruces, New Mexico                   | 905,074   | 72.8                                     |
| <i>Source: Reports of Condition and Income 6/30/2019 – 12/31/2021</i> |   |  |

#### Assessment Area Concentration

A substantial majority of loans and other lending related activities are in the institution’s assessment areas. The following table details that Century Bank originated approximately 92.5 percent of small business loans, by number, to business operations in the assessment areas.

| <b>Lending Inside and Outside of the Assessment Areas</b>                 |                        |          |                |          |              |  |          |                |          |                 |
|---|------------------------|----------|----------------|----------|--------------|--|----------|----------------|----------|-----------------|
| <b>Loan Category</b>  | <b>Number of Loans</b> |          |                |          |              | <b>Dollar Amount of Loans \$(000s)</b> |          |                |          |                 |
|   | <b>Inside</b>          |          | <b>Outside</b> |          | <b>Total</b> | <b>Inside</b>                          |          | <b>Outside</b> |          | <b>Total</b>    |
|   | <b>#</b>               | <b>%</b> | <b>#</b>       | <b>%</b> | <b>#</b>     | <b>\$</b>                              | <b>%</b> | <b>\$</b>      | <b>%</b> | <b>\$(000s)</b> |
| Small Business  | 197                    | 92.5     | 16             | 7.5      | 213          | 32,528                                 | 83.2     | 6,549          | 16.8     | 39,077          |
| <i>Source: Bank Data<br/>Due to rounding, totals may not equal 100.0%</i> |                        |          |                |          |              |  |          |                |          |                 |

### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment areas. Excellent performance in the Albuquerque, NM MSA Assessment Area, New Mexico Non-MSA Assessment Area, and Santa Fe, NM MSA Assessment Area supports this conclusion. Consideration of demographics, market competition from surrounding institutions, and other relevant information aided in this determination. A complete discussion of the bank's lending performance for this criterion is included in subsequent sections of the evaluation.

### **Borrower Profile**

The distribution of borrowers reflects, given the demographics of the assessment areas and contextual information, reasonable penetration among businesses of different sizes. Reasonable performance in the Albuquerque, NM MSA Assessment Area, Las Cruces, NM MSA Assessment Area, and the New Mexico Non-MSA Assessment Area support this conclusion. Additional consideration of demographics, market competition from surrounding institutions, and other relevant information aided in forming the conclusion. A complete discussion of the bank's lending performance for this criterion is included in subsequent sections of the evaluation.

### **Response to Complaints**

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

## **COMMUNITY DEVELOPMENT TEST**

Century Bank's community development performance demonstrates excellent 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. This conclusion is supported by excellent levels of and responsiveness to loan and service opportunities in the assessment areas and excellent qualified investment activity.

### **Community Development Loans**

Century Bank's level of qualified community development loans demonstrates excellent responsiveness to area needs, considering the opportunities in the assessment areas, levels of competition, and the capacity of the bank.

The institution granted 103 community development loans totaling approximately \$128.6 million in its assessment areas during the evaluation period. The dollar amount represents 12.1 percent of average total assets of \$1.1 billion since the previous evaluation and 20.2 percent of average total loans of \$636.9 million for the same period. At the previous evaluation, the institution originated 107 community development loans totaling approximately \$135.3 million, which represented 16.5

percent of average total assets and 29.7 percent of average total loans. Examiners further analyzed the institution’s performance against comparable intermediate small institutions operating in New Mexico, and determined that Century Bank’s community development lending activities greatly exceeded those performed by the comparable institutions.

The following tables reflect the number and dollar volume of community development loans by assessment area, community development purpose, and year.

| <b>Community Development Lending by Assessment Area</b> |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |
|---|---------------------------|-----------------|---------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|---------------|-----------------|
| <b>Assessment Area</b>                                  | <b>Affordable Housing</b> |                 | <b>Community Services</b> |                 | <b>Economic Development</b> |                 | <b>Revitalize or Stabilize</b> |                 | <b>Totals</b> |                 |
|   | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Albuquerque, NM MSA                                     | 0                         | 0               | 1                         | 108             | 3                           | 2,250           | 69                             | 100,612         | <b>73</b>     | <b>102,970</b>  |
| Las Cruces, NM MSA                                      | 0                         | 0               | 0                         | 0               | 0                           | 0               | 4                              | 1,300           | <b>4</b>      | <b>1,300</b>    |
| New Mexico Non-MSA                                      | 0                         | 0               | 0                         | 0               | 0                           | 0               | 7                              | 6,703           | <b>7</b>      | <b>6,703</b>    |
| Santa Fe, NM MSA  | 7                         | 9,951           | 11                        | 6,924           | 1                           | 699             | 0                              | 0               | <b>19</b>     | <b>17,574</b>   |
| <b>Total</b>  | <b>7</b>                  | <b>9,951</b>    | <b>12</b>                 | <b>7,032</b>    | <b>4</b>                    | <b>2,949</b>    | <b>80</b>                      | <b>108,615</b>  | <b>103</b>    | <b>128,547</b>  |

*Source: Bank Data*

| <b>Community Development Lending</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2019 (Partial)                       | 2                         | 163             | 1                         | 3,600           | 1                           | 750             | 16                             | 19,874          | <b>20</b>     | <b>24,387</b>   |
| 2020                                 | 1                         | 2,000           | 7                         | 2,025           | 2                           | 1,449           | 37                             | 54,712          | <b>47</b>     | <b>60,186</b>   |
| 2021                                 | 4                         | 7,788           | 4                         | 1,407           | 1                           | 750             | 26                             | 32,029          | <b>35</b>     | <b>41,974</b>   |
| YTD 2022                             | 0                         | 0               | 0                         | 0               | 0                           | 0               | 1                              | 2,000           | <b>1</b>      | <b>2,000</b>    |
| <b>Total</b>                         | <b>7</b>                  | <b>9,951</b>    | <b>12</b>                 | <b>7,032</b>    | <b>4</b>                    | <b>2,949</b>    | <b>80</b>                      | <b>108,615</b>  | <b>103</b>    | <b>128,547</b>  |

*Source: Bank Data*

### **Qualified Investments**

Century Bank’s level of qualified investments demonstrates excellent responsiveness to area needs, considering the opportunities in the assessment areas, level of competition, and the capacity of the bank. As detailed in the following tables, the institution made 288 qualified investments/donations/grants totaling approximately \$21.8 million during the evaluation period. This level of qualified investments represent 2.1 percent of average total assets and 7.9 percent of average total securities of \$277.3 million over the evaluation period. The previous evaluation identified 246 qualified investments totaling \$11.7 million. At that time, qualified investments equated to 1.4 percent of average total assets and 4.0 percent of average total securities. Examiners analyzed the institution’s performance against that of comparable intermediate small institutions operating in New Mexico, and determined that Century Bank’s qualified investment performance generally exceeded those performed by the comparable institutions. The overall level of qualified investment activity reflects excellent performance.

The following tables reflect the number and dollar volume of qualified investments extended by assessment area, community development purpose, and year.

| Community Development Qualified Investments by Assessment Area |                    |              |                    |              |                      |              |                         |              |            |               |
|--|--------------------|--------------|--------------------|--------------|----------------------|--------------|-------------------------|--------------|------------|---------------|
| Assessment Area  | Affordable Housing |              | Community Services |              | Economic Development |              | Revitalize or Stabilize |              | Totals     |               |
|  | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)     | #                       | \$(000s)     | #          | \$(000s)      |
| Albuquerque, NM MSA  | 6                  | 2,009        | 36                 | 3,078        | 13                   | 5,025        | 0                       | 0            | 55         | 10,111        |
| Las Cruces, NM MSA   | 0                  | 0            | 35                 | 2,956        | 7                    | 19           | 7                       | 1,568        | 49         | 4,543         |
| New Mexico Non-MSA   | 0                  | 0            | 31                 | 65           | 1                    | 1            | 16                      | 18           | 48         | 84            |
| Santa Fe, NM MSA   | 14                 | 1,679        | 68                 | 1,776        | 49                   | 103          | 0                       | 0            | 131        | 3,558         |
| Statewide or Regional Activities                               | 4                  | 3,455        | 1                  | 1            | 0                    | 0            | 0                       | 0            | 5          | 3,456         |
| <b>Total</b>   | <b>24</b>          | <b>7,143</b> | <b>171</b>         | <b>7,876</b> | <b>70</b>            | <b>5,148</b> | <b>23</b>               | <b>1,586</b> | <b>288</b> | <b>21,752</b> |

Source: Bank Data

| Qualified Investments        |                    |              |                    |              |                      |              |                         |              |            |               |
|------------------------------|--------------------|--------------|--------------------|--------------|----------------------|--------------|-------------------------|--------------|------------|---------------|
| Activity Year                | Affordable Housing |              | Community Services |              | Economic Development |              | Revitalize or Stabilize |              | Totals     |               |
|                              | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)     | #                       | \$(000s)     | #          | \$(000s)      |
| Prior Period                 | 1                  | 1,562        | 4                  | 2,486        | 0                    | 0            | 0                       | 0            | 5          | 4,048         |
| 2019                         | 1                  | 1,500        | 1                  | 568          | 0                    | 0            | 0                       | 0            | 2          | 2,068         |
| 2020                         | 3                  | 1,955        | 2                  | 1,114        | 0                    | 0            | 2                       | 1,558        | 7          | 4,627         |
| 2021                         | 1                  | 2,000        | 3                  | 3,278        | 1                    | 5,000        | 0                       | 0            | 5          | 10,278        |
| YTD 2022                     | 0                  | 0            | 0                  | 0            | 0                    | 0            | 0                       | 0            | 0          | 0             |
| <b>Subtotal</b>              | <b>6</b>           | <b>7,017</b> | <b>10</b>          | <b>7,446</b> | <b>1</b>             | <b>5,000</b> | <b>2</b>                | <b>1,558</b> | <b>19</b>  | <b>21,021</b> |
| Qualified Grants & Donations | 18                 | 126          | 161                | 429          | 69                   | 148          | 21                      | 28           | 268        | 731           |
| <b>Total</b>                 | <b>24</b>          | <b>7,143</b> | <b>171</b>         | <b>7,876</b> | <b>70</b>            | <b>5,148</b> | <b>23</b>               | <b>1,586</b> | <b>288</b> | <b>21,752</b> |

Source: Bank Data

The following points highlight qualified investments benefiting the statewide or regional area:

- **Affordable Housing** – The institution made four investments totaling approximately \$3.5 million that promoted affordable housing initiatives for low- and moderate- income individuals and families throughout the State of New Mexico.
- **Community Services** – The institution made a \$500 dollar donation to a coalition that provided COVID-19 masks to Native American and other needy communities in New Mexico to address needs of low- and moderate-income individuals and families.

### **Community Development Services**

Community development services performed by Century Bank personnel demonstrated excellent responsiveness to area needs, considering the opportunities in the assessment areas, levels of competition, and the capacity of the bank. Bank personnel provided 203 community development services in which they exhibited financial expertise to assist organizations operating in the

assessment areas. At the previous evaluation, bank personnel performed 274 community development services. Bank management informed examiners that the decline in community development service activity since the prior evaluation is attributed to COVID-19 Pandemic lockdown measures resulting in cancellation of numerous scheduled activities. Examiners analyzed the institution’s performance against comparable intermediate small institutions operating in New Mexico, and determined that Century Bank’s community development service activity greatly exceeded those performed by the comparable institutions.

The following tables reflect community development services by assessment area, community development purpose, and year.

| <b>Community Development Services by Assessment Area</b> |                           |                           |                             |                                |               |
|--|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| <b>Assessment Area</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>      |
| Albuquerque, NM MSA                                      | 1                         | 50                        | 14                          | 4                              | <b>69</b>     |
| Las Cruces, NM MSA                                       | 0                         | 8                         | 8                           | 0                              | <b>16</b>     |
| New Mexico Non-MSA                                       | 0                         | 16                        | 0                           | 10                             | <b>26</b>     |
| Santa Fe, NM MSA   | 11                        | 62                        | 11                          | 8                              | <b>92</b>     |
| Statewide Activities                                     | 0                         | 0                         | 0                           | 0                              | <b>0</b>      |
| Regional Activities                                      | 0                         | 0                         | 0                           | 0                              | <b>0</b>      |
| <b>Total</b>   | <b>12</b>                 | <b>136</b>                | <b>33</b>                   | <b>22</b>                      | <b>203</b>    |
| <i>Source: Bank Data</i>                                 |                           |                           |                             |                                |               |

| <b>Community Development Services</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>      |
| 2019 (Partial)                        | 5                         | 43                        | 10                          | 4                              | <b>62</b>     |
| 2020                                  | 3                         | 33                        | 13                          | 6                              | <b>55</b>     |
| 2021                                  | 2                         | 33                        | 5                           | 6                              | <b>46</b>     |
| YTD 2022                              | 2                         | 27                        | 5                           | 6                              | <b>40</b>     |
| <b>Total</b>                          | <b>12</b>                 | <b>136</b>                | <b>33</b>                   | <b>22</b>                      | <b>203</b>    |
| <i>Source: Bank Data</i>              |                           |                           |                             |                                |               |

Century Bank’s delivery systems proved conveniently located and accessible to all portions of the assessment areas. The institution operates two branch offices geographically located in moderate-income census tracts in the New Mexico Non-MSA and Santa Fe, NM MSA assessment areas. Such activities provide access to banking for low- and moderate-income individuals. Additionally, the institution strives to serve the entirety of local communities by providing alternative delivery systems that help avail its services to low- and moderate-income individuals and geographies. Such systems include internet and mobile banking and deposit-taking ATMs.

## DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank’s compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

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

#### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NEW MEXICO NON-MSA ASSESSMENT AREA

The New Mexico Non-MSA Assessment Area is comprised of non-metropolitan geographies within the State of New Mexico. Specifically, the Assessment Area is comprised of the entirety of Los Alamos County and eight of the nine census tracts in Rio Arriba County. The geographies making up the assessment area are contiguous and are located in northcentral New Mexico. The New Mexico Non-MSA Assessment Area is new since the previous evaluation due to the addition of designated tracts in Los Alamos County subsequent to the opening of a branch office in Los Alamos, New Mexico. The designated census tracts in Rio Arriba County are the same as at the previous evaluation when examiners conducted a limited scope review of the institution’s performance in Rio Arriba County.

The following table displays pertinent demographic data as well as branch and ATM distribution by census tract income level.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     |
| Low  | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          |
| Moderate   | 2                    | 16.7         | 7,344             | 13.4         | 1               | 50.0         | 2           | 66.7         |
| Middle   | 6                    | 50.0         | 29,390            | 53.8         | 0               | 0.0          | 0           | 0.0          |
| Upper  | 4                    | 33.3         | 17,939            | 32.8         | 1               | 50.0         | 1           | 33.3         |
| NA   | 0                    | 0.0          | 0                 | 0            | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>12</b>            | <b>100.0</b> | <b>54,673</b>     | <b>100.0</b> | <b>2</b>        | <b>100.0</b> | <b>3</b>    | <b>100.0</b> |

*Source: 2015 ACS Data; Bank Data*

Examiners performed a full scope review of the New Mexico Non-MSA Assessment Area as it represents a new geographic area for the institution at the current evaluation.

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

The assessment area’s 12 census tracts reflect the following income designations based on 2015 ACS Census Data: 2 moderate-income census tracts, 6 middle-income census tracts, and 4 upper-income census tracts. The following table presents relevant demographic and economic data for the assessment area.

| Demographic Information of the Assessment Area<br>New Mexico Non-MSA Assessment Area              |        |               |                              |                  |                 |               |
|---|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics   | #      | Low<br>% of # | Moderate<br>% of #           | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)   | 12     | 0.0           | 16.7                         | 50.0             | 33.3            | 0.0           |
| Population by Geography   | 54,673 | 0.0           | 13.4                         | 53.8             | 32.8            | 0.0           |
| Housing Units by Geography  | 26,577 | 0.0           | 12.7                         | 56.0             | 31.3            | 0.0           |
| Owner-Occupied Units by Geography   | 15,710 | 0.0           | 11.4                         | 52.7             | 36.0            | 0.0           |
| Occupied Rental Units by Geography  | 4,743  | 0.0           | 21.7                         | 36.8             | 41.5            | 0.0           |
| Vacant Units by Geography   | 6,124  | 0.0           | 9.1                          | 79.5             | 11.4            | 0.0           |
| Businesses by Geography   | 3,219  | 0.0           | 14.9                         | 25.6             | 59.6            | 0.0           |
| Farms by Geography  | 107    | 0.0           | 9.3                          | 45.8             | 44.9            | 0.0           |
| Family Distribution by Income Level   | 13,047 | 16.6          | 13.5                         | 15.2             | 54.7            | 0.0           |
| Household Distribution by Income Level  | 20,453 | 21.7          | 11.4                         | 14.6             | 52.4            | 0.0           |
| Median Family Income Non-MSAs - NM  |        | \$49,356      | Median Housing Value         |                  |                 | \$191,158     |
|   |        |               | Median Gross Rent            |                  |                 | \$755         |
|   |        |               | Families Below Poverty Level |                  |                 | 11.8%         |
| Source: 2015 ACS and 2021 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. |        |               |                              |                  |                 |               |

Demographic data reports indicate that 46.0 percent of non-farm businesses in the assessment area are service-related entities, followed by non-classifiable establishments at 16.7 percent; retail trade at 9.6 percent; and finance, insurance, and real estate at 7.8 percent. Demographic data from Moody's Data Analytics reports that renewable energy and a stable government presence via national labs and multiple military installations serves as a strength of the New Mexico Non-MSA economy. Approximately 64.0 percent of businesses in the assessment area operate with between 1-4 employees, and 87.6 percent of businesses operate from a single location, indicating a large presence of small business operations in the area. U.S. Bureau of Labor Statistics unemployment figures for Los Alamos and Rio Arriba counties was 2.4 and 5.7 percent, respectively, as of December 2021. The State of New Mexico reported an unemployment rate of 5.2 percent for the same period. A Federal Major Disaster Declaration was issued as of March 11, 2021, for the entire State of New Mexico stemming from the COVID-19 Pandemic.

### **Competition**

The New Mexico Non-MSA Assessment Area hosts a moderately competitive financial services market. According to FDIC Deposit Market Share data as of June 30, 2021, 6 financial institutions operate 12 offices in the assessment area. Of these institutions, Century Bank ranked 2<sup>nd</sup> with approximately 19.0 percent of market deposits.

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

Considering information from bank management and demographic and economic data, examiners determined that small business loans represents a primary credit need of the assessment area and

present an opportunity for financial institutions to meet the need. With respect to the area’s community development needs, demographic data reports that 18.1 percent of households are below the poverty level and 30.1 percent of the area’s families are low- or moderate-income. These levels suggest a need for activities that benefit organizations or projects that provide community services to these families. Further, 16.7 percent of the census tracts are moderate-income geographies and 50.0 percent of the census tracts are distressed middle-income geographies, suggesting a need for revitalization and stabilization efforts.

## **CONCLUSIONS ON PERFORMANCE CRITERIA IN NEW MEXICO NON-MSA ASSESSMENT AREA**

### **LENDING TEST**

Century Bank demonstrated satisfactory performance under the Lending Test in the New Mexico Non-MSA Assessment Area. Excellent geographic distribution and reasonable borrower profile performance supports this conclusion.

#### **Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Examiners primarily focused on lending activity in moderate-income census tracts and relevant contextual information to draw this conclusion. This performance criterion only considers loans originated inside the bank’s assessment area.

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

The following table displays that Century Bank originated 40.9 percent of small business loans in moderate-income census tracts, performance that greatly exceeds comparable D&B data, of 14.9 percent.

| <b>Geographic Distribution of Small Business Loans<br/>New Mexico Non-MSA Assessment Area</b> |                        |           |              |                 |              |
|---|------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   | 0.0                    | 0         | 0.0          | 0               | 0.0          |
| Moderate  | 14.9                   | 9         | 40.9         | 680             | 36.6         |
| Middle  | 25.6                   | 9         | 40.9         | 749             | 40.3         |
| Upper   | 59.6                   | 4         | 18.2         | 429             | 23.1         |
| Not Available   | 0.0                    | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>   | <b>100.0</b>           | <b>22</b> | <b>100.0</b> | <b>1,858</b>    | <b>100.0</b> |
| <i>Source: 2021 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 assessment area, reasonable penetration among businesses of different sizes. This performance criterion only considers loans originated inside the bank’s assessment area.

***Small Business Loans***

As detailed in the following table, loans with revenue information not available comprised 90.9 percent of originated small business loans. Revenue information was not required to be collected given the program requirements for loans originated under the SBA PPP implemented as a response to the COVID-19 pandemic. Of the 22 loans originated in the New Mexico Non-MSA Assessment Area, 19 are SBA PPP loans.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category<br/>New Mexico Non-MSA Assessment Area</b> |                        |           |              |                 |              |
|---|------------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000   | 83.4                   | 1         | 4.5          | 291             | 15.7         |
| >\$1,000,000  | 3.1                    | 1         | 4.5          | 502             | 27.0         |
| Revenue Not Available   | 13.5                   | 20        | 90.9         | 1,065           | 57.3         |
| <b>Total</b>  | <b>100.0</b>           | <b>22</b> | <b>100.0</b> | <b>1,858</b>    | <b>100.0</b> |
| <i>Source: 2021 D&amp;B Data, Bank Data. Due to rounding, totals may not equal 100.0%</i>                           |                        |           |              |                 |              |

Examiners evaluated PPP loans using loan size as a proxy for revenues not available. As shown in the following table, 84.2 percent of the PPP loans, by number, with revenues not available had original amounts of \$100,000 or less, 10.5 percent had an original amount of between \$100,000 to \$249,000, and 5.3 percent had origination amounts between \$250,000 to \$1,000,000. Such activity demonstrates Century Bank’s willingness to serve the needs of small businesses in the assessment area and exhibits reasonable penetration among businesses of different sizes.

| <b>Distribution of PPP Loans by Loan Size<br/>New Mexico Non-MSA Assessment Area</b> |           |              |                 |              |
|--|-----------|--------------|-----------------|--------------|
| <b>Loan Size</b>   | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <100,000   | 16        | 84.2         | 351             | 33.6         |
| 100,000-249,000  | 2         | 10.5         | 342             | 32.8         |
| 250,000-1,000,000  | 1         | 5.3          | 350             | 33.6         |
| <b>Total</b>   | <b>19</b> | <b>100.0</b> | <b>1,043</b>    | <b>100.0</b> |
| <i>Source: 2021 Bank Data.</i>   |           |              |                 |              |

**COMMUNITY DEVELOPMENT TEST**

Century Bank demonstrated excellent responsiveness to the community development needs of the New Mexico Non-MSA Assessment Area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity

and the need and availability of such opportunities in evaluating the bank’s performance under this test.

### **Community Development Loans**

Century Bank exhibited an excellent record of making community development loans in the assessment area. Specifically, the institution granted seven community development loans totaling \$6.7 million that benefitted the assessment area during the evaluation period. All seven loans revitalized and stabilized moderate- or distressed non-metropolitan middle-income geographies in the assessment area by helping to attract new, and retain existing, businesses and residents to the area. This level is an increase from the six community development loans totaling \$1.6 million qualified at the previous evaluation.

| <b>Community Development Lending<br/>New Mexico Non-MSA Assessment Area</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2019 (Partial)  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | 0             | 0               |
| 2020  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 4                              | 3,784           | 4             | 3,784           |
| 2021  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 3                              | 2,918           | 3             | 2,918           |
| YTD 2022  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | 0             | 0               |
| <b>Total</b>  | <b>0</b>                  | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>0</b>                    | <b>0</b>        | <b>7</b>                       | <b>6,703</b>    | <b>7</b>      | <b>6,703</b>    |
| <i>Source: Bank Data</i>  |                           |                 |                           |                 |                             |                 |                                |                 |               |                 |

The following are examples of community development lending activity benefitting the assessment area:

- ***Revitalize and Stabilize*** - The institution twice renewed a working capital line of credit to a commercial business that operates in a distressed non-metropolitan middle-income geography in the assessment area to help finance business operations. The institution also originated two loans totaling approximately \$2.4 million through the SBA PPP to this entity to support job retention. The activity helped to retain an existing business and residents to the distressed area.
- ***Revitalize and Stabilize*** - The institution originated two loans totaling approximately \$471 thousand to a non-profit entity to finance the purchase of commercial property located in moderate-income geographies in the assessment area to be used for in-patient programs related to substance abuse services. The activity helps to attract new, and retain existing, businesses and residents to a moderate-income geography.

### **Qualified Investments**

Century Bank demonstrated an excellent record in making qualified investments in the assessment area. Specifically, the institution made 48 qualified investments totaling \$84.0 thousand benefitting the assessment area during the evaluation period. Of the qualified activities, 31 donations totaling

\$65.0 thousand promoted community services for low- and moderate-income individuals and families in the assessment area. The institution’s performance represents an increase in both number and dollar volume from the 48 qualified investments totaling \$52.0 thousand benefitting the assessment area at the previous evaluation.

| Qualified Investments<br>New Mexico Non-MSA Assessment Area |                    |          |                    |           |                      |          |                         |           |           |           |
|---|--------------------|----------|--------------------|-----------|----------------------|----------|-------------------------|-----------|-----------|-----------|
| Activity Year   | Affordable Housing |          | Community Services |           | Economic Development |          | Revitalize or Stabilize |           | Totals    |           |
|   | #                  | \$(000s) | #                  | \$(000s)  | #                    | \$(000s) | #                       | \$(000s)  | #         | \$(000s)  |
| Prior Period  | 0                  | 0        | 0                  | 0         | 0                    | 0        | 0                       | 0         | 0         | 0         |
| 2019  | 0                  | 0        | 0                  | 0         | 0                    | 0        | 0                       | 0         | 0         | 0         |
| 2020  | 0                  | 0        | 0                  | 0         | 0                    | 0        | 0                       | 0         | 0         | 0         |
| 2021  | 0                  | 0        | 0                  | 0         | 0                    | 0        | 0                       | 0         | 0         | 0         |
| YTD 2022  | 0                  | 0        | 0                  | 0         | 0                    | 0        | 0                       | 0         | 0         | 0         |
| <b>Subtotal</b>   | <b>0</b>           | <b>0</b> | <b>0</b>           | <b>0</b>  | <b>0</b>             | <b>0</b> | <b>0</b>                | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| Qualified Grants & Donations                                | 0                  | 0        | 31                 | 65        | 1                    | 1        | 16                      | 18        | 48        | 84        |
| <b>Total</b>  | <b>0</b>           | <b>0</b> | <b>31</b>          | <b>65</b> | <b>1</b>             | <b>1</b> | <b>16</b>               | <b>18</b> | <b>48</b> | <b>84</b> |
| <i>Source: Bank Data</i>                                    |                    |          |                    |           |                      |          |                         |           |           |           |

The following are examples of the institution’s qualified investment activity:

- **Community Service** –The institution made \$2 thousand donation to a non-profit organization whose mission is to support philanthropy throughout Los Alamos County by directing grant funds to non-profit entities providing community services for low- and moderate-income individuals.
- **Revitalization and Stabilization** – The institution made a donation of \$1.5 thousand to an organization to develop and enhance downtown Espanola in Rio Arriba County. Rio Arriba County, and the City of Espanola, is comprised of moderate- and distressed middle-income geographies. The activity promotes revitalization and stabilization efforts in the area by helping to attract new, and retain existing, businesses and residents.

### **Community Development Services**

Century Bank personnel provided 26 instances of community development services, approximately 12.8 percent of the institutions overall excellent level of services, during the evaluation period. The bank provided 16 services involving financial expertise in promoting community service programs directed to low- and moderate-income individuals and families in the assessment area, and 10 services of which helped to attract new, and retain existing, businesses and residents to moderate- or distressed-middle income geographies. The previous evaluation noted bank personnel performed 35 community development services benefitting the NM Non MSA assessment area.

| Community Development Services<br>New Mexico Non-MSA Assessment Area |                    |                    |                      |                         |           |
|--|--------------------|--------------------|----------------------|-------------------------|-----------|
| Activity Year  | Affordable Housing | Community Services | Economic Development | Revitalize or Stabilize | Totals    |
|  | #                  | #                  | #                    | #                       | #         |
| 2019 (Partial)   | 0                  | 4                  | 0                    | 1                       | 5         |
| 2020   | 0                  | 4                  | 0                    | 3                       | 7         |
| 2021   | 0                  | 4                  | 0                    | 3                       | 7         |
| YTD 2022   | 0                  | 4                  | 0                    | 3                       | 7         |
| <b>Total</b>   | <b>0</b>           | <b>16</b>          | <b>0</b>             | <b>10</b>               | <b>26</b> |
| <i>Source: Bank Data</i>   |                    |                    |                      |                         |           |

The following points highlight examples of the bank’s community development services.

- **Community Service** – A bank employee serves as Board Chair for a community organization that operates a teen center located in a moderate-income census tract to provide a study space, and computer and internet access for school-aged individuals and low- and moderate-income families who did not have such services at home. The activity promotes community services directed to low- and moderate-income families and individuals.
- **Revitalization or Stabilization** - A bank employee serves on the Board of a local Chamber of Commerce that works to foster and advance the business climate and enhance quality of life in the area. The organization’s activities revitalize and stabilize the area by helping to attract new, and retain existing, businesses and residents in moderate- and distressed middle-income geographies.

As noted, Century Bank operates two branch offices and three ATMs in the New Mexico Non-MSA Assessment Area. One of the branch offices and two of the ATMs are located in moderate-income census tracts.

## SANTA FE, NM MSA ASSESSMENT AREA – Full-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE SANTA FE, NM MSA ASSESSMENT AREA

The Santa Fe, NM MSA Assessment Area is comprised of the entirety of Santa Fe County, which entails 50 census tracts. Santa Fe County is located in north central New Mexico and is the sole county of the Santa Fe, NM MSA. There has been no change to the geographic composition of the assessment area since the previous evaluation when examiners conducted a full scope review of the institution’s performance in the Santa Fe, NM MSA Assessment Area.

The following table displays pertinent demographic data as well as branch and ATM distribution by census tract income level.

| <b>Branch and ATM Distribution by Geography Income Level</b> |                      |              |                   |              |                 |              |             |              |
|--|----------------------|--------------|-------------------|--------------|-----------------|--------------|-------------|--------------|
| <b>Tract Income Level</b>                                    | <b>Census Tracts</b> |              | <b>Population</b> |              | <b>Branches</b> |              | <b>ATMs</b> |              |
|  | <b>#</b>             | <b>%</b>     | <b>#</b>          | <b>%</b>     | <b>#</b>        | <b>%</b>     | <b>#</b>    | <b>%</b>     |
| Low  | 1                    | 2.0          | 5,713             | 3.9          | 0               | 0.0          | 0           | 0.0          |
| Moderate   | 10                   | 20.0         | 33,831            | 23.0         | 1               | 20.0         | 1           | 11.1         |
| Middle   | 23                   | 46.0         | 65,603            | 44.6         | 2               | 40.0         | 3           | 33.3         |
| Upper  | 16                   | 32.0         | 41,961            | 28.5         | 2               | 40.0         | 5           | 55.6         |
| NA   | 0                    | 0.0          | 0                 | 0.0          | 0               | 0.0          | 0           | 0.0          |
| <b>Total</b>   | <b>50</b>            | <b>100.0</b> | <b>147,108</b>    | <b>100.0</b> | <b>5</b>        | <b>100.0</b> | <b>9</b>    | <b>100.0</b> |
| <i>Source: 2015 ACS Data; Bank Data</i>                      |                      |              |                   |              |                 |              |             |              |

Examiners performed a full scope review of the Santa Fe, NM MSA Assessment Area as the area presents significant loan volume a majority of the institution’s deposits, as well as hosts the majority of the institution’s branch offices.

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

The assessment area’s 50 census tracts reflect the following income designations based on 2015 ACS Census Data: 1 low-income census tract, 10 moderate-income census tracts, 23 middle-income census tracts, and 16 upper-income census tracts. The following table presents relevant demographic and economic data for the assessment area.

| Demographic Information of the Assessment Area<br>Santa Fe, NM MSA Assessment Area   |          |                              |                    |                  |                 |               |
|--|----------|------------------------------|--------------------|------------------|-----------------|---------------|
| Demographic Characteristics  | #        | Low<br>% of #                | Moderate<br>% of # | Middle<br>% of # | Upper<br>% of # | NA*<br>% of # |
| Geographies (Census Tracts)  | 50       | 2.0                          | 20.0               | 46.0             | 32.0            | 0.0           |
| Population by Geography  | 147,108  | 3.9                          | 23.0               | 44.6             | 28.5            | 0.0           |
| Housing Units by Geography   | 71,673   | 3.4                          | 19.4               | 43.9             | 33.4            | 0.0           |
| Owner-Occupied Units by Geography  | 42,266   | 2.6                          | 17.4               | 45.8             | 34.2            | 0.0           |
| Occupied Rental Units by Geography   | 18,913   | 6.5                          | 26.1               | 42.4             | 25.0            | 0.0           |
| Vacant Units by Geography  | 10,494   | 1.4                          | 15.0               | 38.6             | 45.1            | 0.0           |
| Businesses by Geography  | 23,467   | 4.0                          | 13.4               | 40.3             | 42.3            | 0.0           |
| Farms by Geography   | 589      | 3.4                          | 16.5               | 44.8             | 35.3            | 0.0           |
| Family Distribution by Income Level  | 36,482   | 22.8                         | 16.9               | 18.3             | 42.0            | 0.0           |
| Household Distribution by Income Level   | 61,179   | 24.6                         | 15.6               | 17.9             | 41.9            | 0.0           |
| Median Family Income MSA - 42140 Santa Fe, NM MSA  | \$64,734 | Median Housing Value         |                    |                  |                 | \$316,063     |
|  |          | Median Gross Rent            |                    |                  |                 | \$976         |
|  |          | Families Below Poverty Level |                    |                  |                 | 11.0%         |
| <i>Source: 2015 ACS and 2021 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i><br>(*) The NA category consists of geographies that have not been assigned an income classification. |          |                              |                    |                  |                 |               |

Demographic data reports indicate that 41.9 percent of non-farm businesses in the assessment area are service-related entities, followed by non-classifiable establishments at 21.2 percent; retail trade at 9.1 percent; finance, insurance, and real estate at 8.4 percent; and construction operations at 5.0 percent. Demographic data from Moody's Data Analytics reports that Santa Fe's economy continues to struggle from COVID-19 Pandemic ramifications, and that job recovery falls behind that of New Mexico and the U.S., with the metro area regaining only about a third of the jobs lost to the pandemic. However, the outlook projects that the economy recover as the tourism industry rebounds. Further, Moody's reports that the pace of new residents moving to the Santa Fe metro is accelerating. Approximately 63.2 percent of businesses in the assessment area operate with between 1-4 employees, and 93.9 percent of businesses operate from a single location, indicating a large presence of small business operations in the area. U.S. Bureau of Labor Statistics unemployment figures for Santa Fe County was 4.6 percent as of December 2021. Moody's Data Analytics reports top employers to be Las Alamos National Laboratory, Christus St. Vincent Regional Medical Center, and Santa Fe Community College.

### **Competition**

The Santa Fe, NM MSA Assessment Area hosts a competitive financial services market. According to FDIC Deposit Market Share data as of June 30, 2021, 10 financial institutions operate 30 offices in the assessment area. Of these institutions, Century Bank ranked 4<sup>th</sup> with approximately 14.2 percent of market deposits.

**Credit and Community Development Needs and Opportunities**

Considering information from bank management and demographic and economic data, examiners determined that small business loans represents a primary credit need of the assessment area and present an opportunity for financial institutions to meet the need.

With respect to the area’s community development needs, demographic data reports that 13.6 percent of households are below the poverty level and 39.7 percent of the area’s families are low- or moderate-income. These levels suggest a need for activities that benefit organizations or projects that provide community services to these families. Further, 22.0 percent of the census tracts are low- or moderate-income geographies, suggesting a need for revitalization and stabilization efforts.

**CONCLUSIONS ON PERFORMANCE CRITERIA IN THE SANTA FE, NM MSA ASSESSMENT AREA**

**LENDING TEST**

Century Bank demonstrated satisfactory performance under the Lending Test in the Santa Fe, NM MSA Assessment Area. Excellent geographic distribution and reasonable borrower profile performance supports this conclusion.

**Geographic Distribution**

The geographic distribution of loans reflects excellent dispersion throughout the assessment area. Examiners primarily focused on lending activity in low- and moderate-income census tracts and relevant contextual information to draw this conclusion. This performance criterion only considers loans originated inside the bank’s assessment area.

***Small Business Loans***

The following table displays that Century Bank originated 4.7 percent of small business loans in low-income census tracts, which compares favorably to D&B data, and 31.8 percent in moderate-income geographies, performance that greatly exceeds the comparable D&B data.

| <b>Geographic Distribution of Small Business Loans<br/>Santa Fe, NM MSA Assessment Area</b> |                        |            |              |                 |              |
|---|------------------------|------------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   | 4.0                    | 5          | 4.7          | 659             | 5.2          |
| Moderate  | 13.4                   | 34         | 31.8         | 1,386           | 10.9         |
| Middle  | 40.3                   | 26         | 24.3         | 2,992           | 23.6         |
| Upper   | 42.3                   | 42         | 39.3         | 7,656           | 60.3         |
| Not Available   | 0.0                    | 0          | 0.0          | 0               | 0.0          |
| <b>Totals</b>   | <b>100.0</b>           | <b>107</b> | <b>100.0</b> | <b>12,693</b>   | <b>100.0</b> |

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

## **Borrower Profile**

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. This performance criterion only considers loans originated inside the bank’s assessment area.

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

The following table displays that Century Bank originated or renewed approximately 15.0 percent of the sampled small business loans, by number, to commercial entities reporting gross annual revenue of \$1.0 million or less. However, revenue information was not required to be collected given the program requirements for loans originated under the SBA PPP implemented as a response to the COVID-19 pandemic, and 62 small business loans did not have revenue information available/collected. As such, examiners further analyzed the 62 small business loans where revenue information was not available.

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category<br/>Santa Fe, NM MSA Assessment Area</b> |                        |            |              |                 |              |
|---|------------------------|------------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>#</b>   | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000   | 89.2                   | 16         | 15.0         | 2,650           | 20.9         |
| >\$1,000,000  | 2.6                    | 29         | 27.1         | 1,523           | 12.0         |
| Revenue Not Available   | 8.1                    | 62         | 57.9         | 8,520           | 67.1         |
| <b>Total</b>  | <b>100.0</b>           | <b>107</b> | <b>100.0</b> | <b>12,693</b>   | <b>100.0</b> |

*Source: 2021 D&B Data, Bank Data.; Due to rounding, totals may not equal 100.0%*

Of the 62 loans that did not have revenue information available/collected, 56 were PPP loans. Excluding PPP loans from the above analysis, the bank made 35.5 percent loans with available revenue data, to businesses with revenues of \$1 million or less, typically reflecting poor performance. Examiners further evaluated the 56 PPP loans using loan size as a proxy for size of business operation. As displayed in the following table, all the PPP loans amounts were under \$1 million and a majority, 71.4 percent, of the PPP loans had an original loan amount of \$100,000 or less. Such activity demonstrates Century Bank’s willingness to serve the needs of small businesses in the assessment area and demonstrates reasonable performance as the bank is helping to serve the needs of the smallest businesses in the assessment area.

| <b>Distribution of PPP Loans by Loan Size<br/>Santa Fe, NM MSA Assessment Area</b> |           |              |                 |              |
|--|-----------|--------------|-----------------|--------------|
| <b>Loan Size</b>   | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <100,000   | 40        | 71.4         | 1,241           | 22.5         |
| 100,000-249,000  | 10        | 17.9         | 1,621           | 29.4         |
| 250,000-1,000,000  | 6         | 10.7         | 2,650           | 48.1         |
| <b>Total</b>   | <b>56</b> | <b>100.0</b> | <b>5,512</b>    | <b>100.0</b> |

*Source: 2021 Bank Data.; Due to rounding, totals may not equal 100.0.*



## COMMUNITY DEVELOPMENT TEST

Century Bank demonstrated excellent responsiveness to the community development needs of the Santa Fe, NM MSA Assessment Area through community development loans, qualified investments, and community development services. Examiners considered the institution’s capacity and the need and availability of such opportunities in evaluating the bank’s performance under this test.

### Community Development Loans

Century Bank exhibited an excellent record of making community development loans in the assessment area. Specifically, the institution originated 19 loans totaling approximately \$17.6 million that benefitted the assessment area during the evaluation period. The institution originated 19 community development loans totaling \$22.5 million at the previous evaluation.

As displayed in the following table, 36.8 percent, by number, of community development loans promoted affordable housing for low- and moderate-income individuals and families, while 57.9 percent promoted services to low- and moderate-income individuals and families to include child care, education, health and social services.

| Community Development Lending<br>Santa Fe, NM MSA Assessment Area |                    |              |                    |              |                      |            |                         |          |           |               |
|---|--------------------|--------------|--------------------|--------------|----------------------|------------|-------------------------|----------|-----------|---------------|
| Activity Year   | Affordable Housing |              | Community Services |              | Economic Development |            | Revitalize or Stabilize |          | Totals    |               |
|   | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)   | #                       | \$(000s) | #         | \$(000s)      |
| 2019 (Partial)  | 2                  | 163          | 1                  | 3,600        | 0                    | 0          | 0                       | 0        | 3         | 3,763         |
| 2020  | 1                  | 2,000        | 6                  | 1,917        | 1                    | 699        | 0                       | 0        | 8         | 4,616         |
| 2021  | 4                  | 7,788        | 4                  | 1,407        | 0                    | 0          | 0                       | 0        | 8         | 9,194         |
| YTD 2022  | 0                  | 0            | 0                  | 0            | 0                    | 0          | 0                       | 0        | 0         | 0             |
| <b>Total</b>  | <b>7</b>           | <b>9,951</b> | <b>11</b>          | <b>6,924</b> | <b>1</b>             | <b>699</b> | <b>0</b>                | <b>0</b> | <b>19</b> | <b>17,574</b> |

Source: Bank Data

Below are notable examples of the community development loans:

- **Affordable Housing** - The bank made a \$4.9 million loan to finance the construction of a multi-family affordable housing complex in the assessment area. The funds provided for construction of a complex containing 70 income-qualifying units. This activity promotes affordable housing for low- and moderate-income individuals and families.
- **Economic Development** - The bank originated a loan for \$699.0 thousand through the SBA PPP to support job retention for a Native American-owned commercial enterprise in the assessment area that operates a number of retail and service-related establishments. The PPP loan helped retain approximately 200 permanent jobs for low- and moderate-income individual by financing payroll for low- and moderate-income individuals employed at a small business in the assessment area.

**Qualified Investments**

Century Bank demonstrated an excellent record in making qualified investments in the assessment area. The following tables displays that the bank made 131 qualified investments totaling approximately \$3.6 million in the assessment area. At the time of the previous evaluation, the institution made 109 qualified investments totaling approximately \$9.0 million.

Of the qualified activities, 65 donations totaling \$231.0 thousand promoted community services for low- and moderate-income individuals and families in the assessment area. Further, the institution made 49 donations totaling \$103.0 thousand promoting economic development for creation, retention, or improvement of permanent jobs for low- and moderate-income individuals.

| Qualified Investments<br>Santa Fe, NM MSA Assessment Area |                    |              |                    |              |                      |            |                         |          |            |              |
|---|--------------------|--------------|--------------------|--------------|----------------------|------------|-------------------------|----------|------------|--------------|
| Activity Year   | Affordable Housing |              | Community Services |              | Economic Development |            | Revitalize or Stabilize |          | Totals     |              |
|   | #                  | \$(000s)     | #                  | \$(000s)     | #                    | \$(000s)   | #                       | \$(000s) | #          | \$(000s)     |
| Prior Period  | 1                  | 1,562        | 1                  | 430          | 0                    | 0          | 0                       | 0        | 2          | 1,992        |
| 2019  | 0                  | 0            | 0                  | 0            | 0                    | 0          | 0                       | 0        | 0          | 0            |
| 2020  | 0                  | 0            | 2                  | 1,114        | 0                    | 0          | 0                       | 0        | 2          | 1,114        |
| 2021  | 0                  | 0            | 0                  | 0            | 0                    | 0          | 0                       | 0        | 0          | 0            |
| YTD 2022  | 0                  | 0            | 0                  | 0            | 0                    | 0          | 0                       | 0        | 0          | 0            |
| <b>Subtotal</b>   | <b>1</b>           | <b>1,562</b> | <b>3</b>           | <b>1,545</b> | <b>0</b>             | <b>0</b>   | <b>0</b>                | <b>0</b> | <b>4</b>   | <b>3,107</b> |
| Qualified Grants & Donations                              | 13                 | 117          | 65                 | 231          | 49                   | 103        | 0                       | 0        | 127        | 451          |
| <b>Total</b>  | <b>14</b>          | <b>1,679</b> | <b>68</b>          | <b>1,776</b> | <b>49</b>            | <b>103</b> | <b>0</b>                | <b>0</b> | <b>131</b> | <b>3,558</b> |
| <i>Source: Bank Data</i>                                  |                    |              |                    |              |                      |            |                         |          |            |              |

The following are examples of the institution’s qualified investment activity:

- **Affordable Housing** – The bank had an outstanding prior period investment of \$1.6 million with Fanny Mae where the proceeds of the funds were used to construct a multi-family housing complex in the assessment area for low- and moderate-income individuals.
- **Community Services** - In 2020, the bank made two separate investments totaling over \$1.1 million to the Santa Fe Public School District to help improve the conditions of the school where a majority of students are from low- or moderate-income families. This activity promotes community services for low- and moderate-income individuals in the assessment area.

**Community Development Services**

Century Bank had an excellent record of providing community development services that benefitted organizations in the assessment area. Bank personnel provided 92 instances of community development services during the evaluation period, 62 of which involved providing financial expertise in promoting community service programs directed to low- and moderate-income

individuals and families in the assessment area. At the previous evaluation, bank personnel performed 76 community development service activities benefitting the assessment area.

| <b>Community Development Services<br/>Santa Fe, NM MSA Assessment Area</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>      |
| 2019 (Partial)   | 4                         | 17                        | 3                           | 2                              | <b>26</b>     |
| 2020   | 3                         | 14                        | 2                           | 2                              | <b>21</b>     |
| 2021   | 2                         | 17                        | 3                           | 2                              | <b>24</b>     |
| YTD 2022   | 2                         | 14                        | 3                           | 2                              | <b>21</b>     |
| <b>Total</b>   | <b>11</b>                 | <b>62</b>                 | <b>11</b>                   | <b>8</b>                       | <b>92</b>     |
| <i>Source: Bank Data</i>   |                           |                           |                             |                                |               |

The following points highlight examples of the bank’s community development services.

- **Community Service** - A bank employee serves on the Board of Directors and Finance Committee for a nonprofit entity that operates homeless shelters across Santa Fe County. The nonprofit is dedicated to assisting low- income homeless individuals and families by providing emergency shelter, food, case management, counseling, and supportive housing arrangements. The activity promotes community services to low- and moderate-income individuals.
- **Affordable Housing** - A bank employee serves on Finance and Loan committees for a nonprofit organization serving the assessment area that promotes affordable housing initiatives, to include first-time homebuyer training and counseling, as well as the Santa Fe Affordable Housing Round Table and Trust Fund. The activity promotes affordable housing for low- and moderate-income individuals.

As noted, Century Bank operates five branch offices and nine ATMs in the Santa Fe, NM MSA Assessment Area, of which one branch office and one ATM are located in moderate-income geographies. As previously noted, the institution strives to serve the entirety of local communities by providing expanded channels of banking capabilities through mobile and online means. In addition, the institution offers low-cost courier services for small business customer deposit pick-ups.

## ALBUQUERQUE, NM MSA ASSESSMENT AREA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE ALBUQUERQUE, NM MSA ASSESSMENT AREA

The Albuquerque, NM MSA Assessment Area is comprised of the whole of Bernalillo County in northcentral New Mexico, which includes 153 Census Tracts. Bernalillo County is one of four counties that comprise the Albuquerque, NM MSA. Per 2015 ACS Census Data, the assessment area is comprised of 10 low-income census tracts, 46 moderate-income census tracts, 44 middle-income census tracts, 51 upper-income census tracts, and 2 census tracts where income designation is not available. The geographic composition of the assessment area changed since the previous evaluation due to the removal of portions of Sandoval County with the closing of the Rio Rancho branch office, which was the institution’s only branch operating in Sandoval County. Relevant economic and demographic data on the assessment area is detailed in the following table.

| <b>Demographic Information of the Assessment Area<br/>Albuquerque, NM MSA Assessment Area</b>  |          |                       |                              |                          |                         |                       |
|--|----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>   | <b>#</b> | <b>Low<br/>% of #</b> | <b>Moderate<br/>% of #</b>   | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)  | 153      | 6.5                   | 30.1                         | 28.8                     | 33.3                    | 1.3                   |
| Population by Geography  | 673,943  | 6.6                   | 32.8                         | 27.1                     | 33.0                    | 0.5                   |
| Housing Units by Geography   | 287,054  | 7.2                   | 30.9                         | 28.7                     | 32.8                    | 0.4                   |
| Owner-Occupied Units by Geography  | 163,821  | 2.8                   | 28.4                         | 28.6                     | 40.1                    | 0.2                   |
| Occupied Rental Units by Geography   | 99,449   | 14.0                  | 34.6                         | 28.3                     | 22.4                    | 0.6                   |
| Vacant Units by Geography  | 23,784   | 9.7                   | 32.4                         | 31.2                     | 26.2                    | 0.6                   |
| Businesses by Geography  | 72,893   | 10.3                  | 25.0                         | 28.8                     | 35.0                    | 0.8                   |
| Farms by Geography   | 1,268    | 5.8                   | 27.5                         | 27.4                     | 39.2                    | 0.2                   |
| Family Distribution by Income Level  | 161,704  | 25.1                  | 15.3                         | 17.8                     | 41.8                    | 0.0                   |
| Household Distribution by Income Level   | 263,270  | 26.3                  | 15.6                         | 16.3                     | 41.8                    | 0.0                   |
| Median Family Income MSA - 10740<br>Albuquerque, NM MSA  |          | \$60,032              | Median Housing Value         |                          |                         | \$196,050             |
|  |          |                       | Median Gross Rent            |                          |                         | \$825                 |
|  |          |                       | Families Below Poverty Level |                          |                         | 15.0%                 |
| <i>Source: 2015 ACS and 2021 D&amp;B Data; Due to rounding, totals may not equal 100.0%</i><br>(*) The NA category consists of geographies that have not been assigned an income classification. |          |                       |                              |                          |                         |                       |

### **Community Contact**

As part of the evaluation process examiners obtain information from third parties knowledgeable of the AA to assist in identifying needs of the area. This information helps determine bank’s responsiveness to these needs and shows available credit and community development opportunities.

Examiners reviewed an existing community contact knowledgeable of small business lending needs in the AA. The contact stated that small business lending is a continued need. The contact noted that the current economic condition fluctuates and in general, the state takes longer to recover from economic downturns. Despite the COVID-19 pandemic small businesses have performed better but there are still some closures. The contact mentioned that community banks have been working hard to help communities including working with new businesses and the SBA to meet the community credit needs.

## CONCLUSIONS ON PERFORMANCE CRITERIA IN ALBUQUERQUE, NM MSA ASSESSMENT AREA

### LENDING TEST

The institution’s lending performance in the Albuquerque, NM MSA Assessment Area is consistent with the institution’s lending performance overall.

### Geographic Distribution

#### *Small Business Loans*

| <b>Geographic Distribution of Small Business Loans<br/>Albuquerque, NM MSA Assessment Area</b> |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>  | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low  | 10.3                   | 9         | 14.8         | 2,201           | 13.5         |
| Moderate   | 25.0                   | 24        | 39.3         | 6,987           | 43.0         |
| Middle   | 28.8                   | 13        | 21.3         | 5,134           | 31.6         |
| Upper  | 35.0                   | 15        | 24.6         | 1,943           | 11.9         |
| Not Available  | 0.8                    | 0         | 0.0          | 0               | 0.0          |
| <b>Totals</b>  | <b>100.0</b>           | <b>61</b> | <b>100.0</b> | <b>16,265</b>   | <b>100.0</b> |

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### Borrower Profile

#### *Small Business Loans*

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category<br/>Albuquerque, NM MSA Assessment Area</b> |                        |           |              |                 |              |
|--|------------------------|-----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>   | <b>% of Businesses</b> | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000  | 88.4                   | 11        | 18.0         | 2,908           | 17.9         |
| >\$1,000,000   | 3.5                    | 27        | 44.3         | 10,170          | 62.5         |
| Revenue Not Available  | 8.1                    | 23        | 37.7         | 3,187           | 19.6         |
| <b>Total</b>   | <b>100.0</b>           | <b>61</b> | <b>100.0</b> | <b>16,265</b>   | <b>100.0</b> |

*Source: 2021 D&B Data; Bank Data.; Due to rounding, totals may not equal 100.0%*

| <b>Distribution of PPP Loans by Loan Size<br/>Albuquerque, NM MSA Assessment Area</b> |           |              |                 |              |
|---|-----------|--------------|-----------------|--------------|
| <b>Loan Size</b>  | <b>#</b>  | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <100,000  | 15        | 65.2         | 664             | 20.8         |
| 100,000-249,000   | 3         | 13.1         | 464             | 14.6         |
| 250,000-1,000,000   | 5         | 21.7         | 2,059           | 64.6         |
| <b>Total</b>  | <b>23</b> | <b>100.0</b> | <b>3,187</b>    | <b>100.0</b> |

*Source: 2021 Bank Data.; Due to rounding, totals may not equal 100.0.*

## COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Albuquerque, NM MSA Assessment Area is consistent with the institution's community development performance overall.

| <b>Community Development Lending<br/>Albuquerque, NM MSA Assessment Area</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2019 (Partial)   | 0                         | 0               | 0                         | 0               | 1                           | 750             | 15                             | 19,091          | <b>16</b>     | <b>19,841</b>   |
| 2020   | 0                         | 0               | 1                         | 108             | 1                           | 750             | 31                             | 50,610          | <b>33</b>     | <b>51,468</b>   |
| 2021   | 0                         | 0               | 0                         | 0               | 1                           | 750             | 22                             | 28,911          | <b>23</b>     | <b>29,661</b>   |
| YTD 2022   | 0                         | 0               | 0                         | 0               | 0                           | 0               | 1                              | 2,000           | <b>1</b>      | <b>2,000</b>    |
| <b>Total</b>   | <b>0</b>                  | <b>0</b>        | <b>1</b>                  | <b>108</b>      | <b>3</b>                    | <b>2,250</b>    | <b>69</b>                      | <b>100,612</b>  | <b>73</b>     | <b>102,970</b>  |

*Source: Bank Data*

| <b>Qualified Investments<br/>Albuquerque, NM MSA Assessment Area</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Prior Period   | 0                         | 0               | 2                         | 1,451           | 0                           | 0               | 0                              | 0               | <b>2</b>      | <b>1,451</b>    |
| 2019   | 0                         | 0               | 1                         | 568             | 0                           | 0               | 0                              | 0               | <b>1</b>      | <b>568</b>      |
| 2020   | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| 2021   | 1                         | 2,000           | 1                         | 978             | 1                           | 5,000           | 0                              | 0               | <b>3</b>      | <b>7,978</b>    |
| YTD 2022   | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| <b>Subtotal</b>  | <b>1</b>                  | <b>2,000</b>    | <b>4</b>                  | <b>2,997</b>    | <b>1</b>                    | <b>5,000</b>    | <b>0</b>                       | <b>0</b>        | <b>6</b>      | <b>9,997</b>    |
| Qualified Grants & Donations   | 5                         | 9               | 32                        | 80              | 12                          | 25              | 0                              | 0               | <b>49</b>     | <b>114</b>      |
| <b>Total</b>   | <b>6</b>                  | <b>2,009</b>    | <b>36</b>                 | <b>3,078</b>    | <b>13</b>                   | <b>5,025</b>    | <b>0</b>                       | <b>0</b>        | <b>55</b>     | <b>10,111</b>   |

*Source: Bank Data*

| <b>Community Development Services</b>      |                           |                           |                             |                                |               |
|--|---------------------------|---------------------------|-----------------------------|--------------------------------|---------------|
| <b>Albuquerque, NM MSA Assessment Area</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>      |
| 2019 (Partial)                             | 1                         | 20                        | 4                           | 1                              | <b>26</b>     |
| 2020                                       | 0                         | 13                        | 8                           | 1                              | <b>22</b>     |
| 2021                                       | 0                         | 10                        | 1                           | 1                              | <b>12</b>     |
| YTD 2022                                   | 0                         | 7                         | 1                           | 1                              | <b>9</b>      |
| <b>Total</b>                               | <b>1</b>                  | <b>50</b>                 | <b>14</b>                   | <b>4</b>                       | <b>69</b>     |
| <i>Source: Bank Data</i>                   |                           |                           |                             |                                |               |

## LAS CRUCES, NM MSA ASSESSMENT AREA – Limited-Scope Review

### DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE LAS CRUCES, NM MSA ASSESSMENT AREA

The Las Cruces, NM MSA Assessment Area is comprised of the entirety of Dona Ana County in southcentral New Mexico, which includes 41 census tracts. Dona Ana County is the sole county that comprises the Las Cruces, NM MSA. Per 2015 ACS Census Data, the area is comprised of 3 low-income census tracts, 16 moderate-income census tracts, 13 middle-income census tracts, and 9 upper-income CTs. There has been no change to the geographic composition of the assessment area since the previous evaluation. Relevant economic and demographic data is detailed in the following table.

| <b>Demographic Information of the Assessment Area<br/>Las Cruces, NM MSA Assessment Area</b> |          |                              |                            |                          |                         |                       |
|--|----------|------------------------------|----------------------------|--------------------------|-------------------------|-----------------------|
| <b>Demographic Characteristics</b>   | <b>#</b> | <b>Low<br/>% of #</b>        | <b>Moderate<br/>% of #</b> | <b>Middle<br/>% of #</b> | <b>Upper<br/>% of #</b> | <b>NA*<br/>% of #</b> |
| Geographies (Census Tracts)  | 41       | 7.3                          | 39.0                       | 31.7                     | 22.0                    | 0.0                   |
| Population by Geography  | 213,963  | 7.7                          | 36.0                       | 26.4                     | 29.8                    | 0.0                   |
| Housing Units by Geography   | 83,586   | 7.1                          | 33.0                       | 26.9                     | 33.0                    | 0.0                   |
| Owner-Occupied Units by Geography  | 48,445   | 3.6                          | 34.5                       | 24.8                     | 37.1                    | 0.0                   |
| Occupied Rental Units by Geography   | 26,317   | 13.5                         | 29.6                       | 31.5                     | 25.4                    | 0.0                   |
| Vacant Units by Geography  | 8,824    | 6.9                          | 35.2                       | 25.3                     | 32.7                    | 0.0                   |
| Businesses by Geography  | 14,145   | 6.7                          | 31.3                       | 25.3                     | 36.7                    | 0.0                   |
| Farms by Geography   | 528      | 2.7                          | 33.0                       | 32.8                     | 31.6                    | 0.0                   |
| Family Distribution by Income Level  | 51,781   | 25.1                         | 15.6                       | 16.9                     | 42.4                    | 0.0                   |
| Household Distribution by Income Level   | 74,762   | 25.2                         | 16.5                       | 16.1                     | 42.2                    | 0.0                   |
| Median Family Income MSA - 29740 Las Cruces, NM MSA  | \$45,044 | Median Housing Value         |                            |                          |                         | \$143,830             |
|  |          | Median Gross Rent            |                            |                          |                         | \$710                 |
|  |          | Families Below Poverty Level |                            |                          |                         | 22.1%                 |

Source: 2015 ACS and 2021 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.



## CONCLUSIONS ON PERFORMANCE CRITERIA IN LAS CRUCES, NM MSA ASSESSMENT AREA

### LENDING TEST

The institution's lending performance in the Las Cruces, NM MSA Assessment Area is below the lending performance for the institution; however, it does not change the institution rating.

### Geographic Distribution

#### *Small Business Loans*

| <b>Geographic Distribution of Small Business Loans<br/>Las Cruces, NM Assessment Area</b> |                        |          |              |                 |              |
|---|------------------------|----------|--------------|-----------------|--------------|
| <b>Tract Income Level</b>   | <b>% of Businesses</b> | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| Low   | 6.7                    | 0        | 0.0          | 0               | 0.0          |
| Moderate  | 31.3                   | 1        | 14.3         | 400             | 23.4         |
| Middle  | 25.3                   | 3        | 42.9         | 133             | 7.8          |
| Upper   | 36.7                   | 3        | 42.9         | 1,179           | 68.9         |
| Not Available   | 0.0                    | 0        | 0.0          | 0               | 0.0          |
| <b>Totals</b>   | <b>100.0</b>           | <b>7</b> | <b>100.0</b> | <b>1,712</b>    | <b>100.0</b> |

*Source: 2021 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%*

### Borrower Profile

#### *Small Business Loans*

| <b>Distribution of Small Business Loans by Gross Annual Revenue Category<br/>Las Cruces, NM Assessment Area</b> |                        |          |              |                 |              |
|---|------------------------|----------|--------------|-----------------|--------------|
| <b>Gross Revenue Level</b>  | <b>% of Businesses</b> | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <=\$1,000,000   | 85.5                   | 2        | 28.6         | 450             | 26.3         |
| >\$1,000,000  | 3.3                    | 0        | 0.0          | 0               | 0.0          |
| Revenue Not Available   | 11.2                   | 5        | 71.4         | 1,262           | 73.7         |
| <b>Total</b>  | <b>100.0</b>           | <b>7</b> | <b>100.0</b> | <b>1,712</b>    | <b>100.0</b> |

*Source: 2021 D&B Data, Bank Data. Due to rounding, totals may not equal 100.0%*

| <b>Distribution of PPP Loans by Loan Size<br/>Las Cruces, NM MSA Assessment Area</b> |          |              |                 |              |
|--|----------|--------------|-----------------|--------------|
| <b>Loan Size</b>   | <b>#</b> | <b>%</b>     | <b>\$(000s)</b> | <b>%</b>     |
| <100,000   | 2        | 50.0         | 74              | 6.0          |
| 100,000-249,000  | 0        | 0.0          | 0               | 0.0          |
| 250,000-1,000,000  | 2        | 50.0         | 1,158           | 94.0         |
| <b>Total</b>   | <b>4</b> | <b>100.0</b> | <b>1,232</b>    | <b>100.0</b> |

*Source: 2021 Bank Data.; Due to rounding, totals may not equal 100.0.*

## COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the Las Cruces, NM MSA Assessment Area is consistent with the institution's community development performance overall.

| <b>Community Development Lending<br/>Las Cruces, NM MSA Assessment Area</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| 2019 (Partial)  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 1                              | 782             | <b>1</b>      | <b>782</b>      |
| 2020  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 2                              | 318             | <b>2</b>      | <b>318</b>      |
| 2021  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 1                              | 200             | <b>1</b>      | <b>200</b>      |
| YTD 2022  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| <b>Total</b>  | <b>0</b>                  | <b>0</b>        | <b>0</b>                  | <b>0</b>        | <b>0</b>                    | <b>0</b>        | <b>4</b>                       | <b>1,300</b>    | <b>4</b>      | <b>1,300</b>    |

*Source: Bank Data*

| <b>Qualified Investments<br/>Las Cruces, NM MSA Assessment Area</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>\$(000s)</b> | <b>#</b>                  | <b>\$(000s)</b> | <b>#</b>                    | <b>\$(000s)</b> | <b>#</b>                       | <b>\$(000s)</b> | <b>#</b>      | <b>\$(000s)</b> |
| Prior Period  | 0                         | 0               | 1                         | 605             | 0                           | 0               | 0                              | 0               | <b>1</b>      | <b>605</b>      |
| 2019  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| 2020  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 2                              | 1,558           | <b>2</b>      | <b>1,558</b>    |
| 2021  | 0                         | 0               | 2                         | 2,300           | 0                           | 0               | 0                              | 0               | <b>2</b>      | <b>2,300</b>    |
| YTD 2022  | 0                         | 0               | 0                         | 0               | 0                           | 0               | 0                              | 0               | <b>0</b>      | <b>0</b>        |
| <b>Subtotal</b>   | <b>0</b>                  | <b>0</b>        | <b>3</b>                  | <b>2,905</b>    | <b>0</b>                    | <b>0</b>        | <b>2</b>                       | <b>1,558</b>    | <b>5</b>      | <b>4,463</b>    |
| Qualified Grants & Donations  | 0                         | 0               | 32                        | 51              | 7                           | 19              | 5                              | 10              | <b>44</b>     | <b>79</b>       |
| <b>Total</b>  | <b>0</b>                  | <b>0</b>        | <b>35</b>                 | <b>2,956</b>    | <b>7</b>                    | <b>19</b>       | <b>7</b>                       | <b>1,568</b>    | <b>49</b>     | <b>4,543</b>    |

*Source: Bank Data*

| <b>Community Development Services<br/>Las Cruces, NM MSA Assessment Area</b> |                               |                               |                                 |                                    |               |
|--|-------------------------------|-------------------------------|---------------------------------|------------------------------------|---------------|
| <b>Activity Year</b>   | <b>Affordable<br/>Housing</b> | <b>Community<br/>Services</b> | <b>Economic<br/>Development</b> | <b>Revitalize<br/>or Stabilize</b> | <b>Totals</b> |
|  | <b>#</b>                      | <b>#</b>                      | <b>#</b>                        | <b>#</b>                           | <b>#</b>      |
| 2019 (Partial)   | 0                             | 2                             | 3                               | 0                                  | <b>5</b>      |
| 2020   | 0                             | 2                             | 3                               | 0                                  | <b>5</b>      |
| 2021   | 0                             | 2                             | 1                               | 0                                  | <b>3</b>      |
| YTD 2022   | 0                             | 2                             | 1                               | 0                                  | <b>3</b>      |
| <b>Total</b>   | <b>0</b>                      | <b>8</b>                      | <b>8</b>                        | <b>0</b>                           | <b>16</b>     |
| <i>Source: Bank Data</i>   |                               |                               |                                 |                                    |               |

## 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.