

# **PUBLIC DISCLOSURE**

February 24, 2020

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

WestStar Bank  
RSSD # 1447639

500 North Mesa Street  
El Paso, Texas 79901

Federal Reserve Bank of Dallas  
2200 North Pearl Street  
Dallas, Texas 75201

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

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INSTITUTION RATING

**Institution Rating**

**Institution's CRA Rating: WestStar Bank is rated Outstanding.**

The following table indicates the performance level of WestStar Bank with respect to the lending, investment, and service tests.

**Table of Performance Ratings**

Performance Levels	WestStar Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Non Compliance			

\*The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

**Summary of Major Factors Supporting Rating**

Major factors supporting the institution's rating include:

- Lending activity reflects excellent responsiveness to assessment areas' credit needs.
- A substantial majority of loans are made in the bank's assessment areas.
- The geographic distribution of loans reflects excellent penetration throughout the assessment areas.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects good penetration among business of different revenue sizes.
- A good record of servicing the credit needs of low-income individuals and areas and small businesses.
- Is a leader in making community development loans.
- Makes use of innovative and/or flexible lending practices in serving assessment area needs.
- Has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position.

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- Exhibits excellent responsiveness to credit and community development needs.
- Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the assessment areas.
- The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and/or LMI individuals.
- Provides a relatively high level of community development services.

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**Institution**

**Description of the Institution**

**Business Structure**

WestStar Bank (WestStar or bank) is a multistate commercial bank headquartered in El Paso, Texas. The bank operates as a wholly owned subsidiary of WestStar Bank Holding Company, Inc., El Paso, Texas (WBHC). In addition, the bank operates three wholly owned subsidiaries including WestStar Insurance Agency, Inc., WestStar Title, LLC, and WestStar Tower Properties, LLC. The Insurance Agency sells and services property, casualty, life and health insurance policies. The Title Company offers services that include, but are not limited to, examining title records, acting as escrow agent in the closing of commercial and residential real estate transactions, and issuing owners and loan title insurance policies. WestStar Tower Properties holds the real estate investment for WestStar Tower, the new headquarters for the Company, which is currently under construction.

The bank operates in two distinct assessment areas: El Paso County, Texas, and Las Cruces, New Mexico, with a total of 14 branches, 13 of which are in El Paso, and one branch in Las Cruces.

There have been no changes to the bank's assessment area since the previous evaluation, although the bank closed one branch located in El Paso, and sold its mortgage division, WestStar Home Loans. The bank's ability to meet various credit needs of the community has not been hampered by its capacity to lend, its financial condition and size, product offerings, prior performance, legal impediments or other factors.

**Loan Portfolio**

As of September 30, 2019, the bank reported total assets of approximately \$1.9 billion, gross loans of \$1.4 billion, total deposits of \$1.6 billion and a net loan-to-deposit ratio of 84.5%. The table on the following page reflects the loan portfolio mix.

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Product	9/30/2019 \$(000's)	% of Loans	9/30/2018 \$(000's)	% of Loans
<u>Real Estate</u>				
1-4 Family Residential Construction Loans	96,968	7.1	97,846	7.9
Construction Loans & Land Development & Other	121,357	8.9	100,040	8.0
Farm Land	26,342	1.9	35,187	2.8
1-4 Family – Revolving	1,651	0.1	1,856	0.1
1-4 Family Residential Secured by First Liens	48,287	3.5	57,235	4.6
1-4 Family Residential Secured by Junior Liens	1,970	0.1	2,126	0.2
Multifamily	116,585	8.5	118,332	9.5
<u>Nonfarm Nonresidential</u>				0.0
Loans Secured Owner Occupied Nonfarm Nonresidential	199,896	14.6	169,923	13.6
Loans Secured by Other Nonfarm Nonresidential	343,165	25.1	265,976	21.4
Total Real Estate	956,221	69.8	848,521	68.1
Agricultural	2,729	0.2	3,812	0.3
Commercial and Industrial	293,401	21.4	271,292	21.8
Consumer	1,823	0.1	2,496	0.2
State and Political Subdivisions	0	0.0	9	0.0
Other	115,706	8.4	119,214	9.6
Gross Loans	1,369,880	100	1,245,344	100

Product Offerings

WestStar offers a wide array of traditional consumer, agricultural, and commercial products and services to meet the credit needs of residents and businesses in its assessment areas. Products and services do not vary by assessment area. As reflected in the table above, the majority of the bank's business is centered in commercial lending. The bank offers business term loans for real estate; equipment/machinery; revolving lines of credit for businesses; small business administration (SBA) loans; and letters of credit.

Consumer products are also offered by the bank; however, these products are offered more for the convenience of clients, and do not play a large part in the bank's strategic plan. Residential real estate loans are limited to construction loans and permanent financing that do not fit the secondary market. Additionally, the bank offers auto, home equity, home improvement, and other secured and unsecured consumer loans. The vast majority of the bank's business comes from its operations in and around El Paso.

Previous Performance Evaluation

The bank received an Outstanding rating on its previous CRA performance evaluation dated March 27, 2017 performed by the Federal Reserve Bank of Dallas. The lending test was rated High Satisfactory, the investment test was rated Outstanding, and the service test was rated Outstanding.

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**Scope of Examination**

The bank was evaluated using the Interagency Examination Procedures for Large Retail Institutions, developed by the Federal Financial Institutions Examination's (FFIEC). Because the bank delineates a single assessment area in each of the states in which it operates, full-scope reviews using the FFIEC procedures were conducted for both of the bank's assessment areas.

**Examination Review Period and Products Reviewed**

Small business lending for the period January 1, 2016 through December 31, 2018 was evaluated for consistency with the years of data presented in this evaluation. Therefore, this evaluation includes data from 2016 and 2017 for HMDA products. Small business lending was analyzed for January 1, 2016 through December 31, 2018; however, only data from 2017 and 2018 is presented in this evaluation. Unless otherwise noted in the discussion, the bank's performance for the entire review period was consistent with performance for the years presented. Due to regulatory changes in 2018 data reporting requirements, HMDA lending data for WestStar and aggregate lenders could not be evaluated for that year.

Community development loans, investments, and service activities from March 27, 2017 through February 24, 2020 were considered during this evaluation. In addition, the evaluation also considered prior period investments.

In drawing conclusions about the bank's performance, greater weight was given to small business lending, as small business loans account for 80.78% of the analyzed lending activity during the review period. Agricultural and Consumer loans each account for less than one percent of the bank's loan portfolio and do not constitute a significant part of the bank's business strategy; therefore, these products were not considered in this evaluation.

WestStar continues to develop its presence in the state of New Mexico; however, during the review period, a substantial majority of activity took place in the state of Texas. The El Paso County assessment area holds 92.9% of branches and 96.7% of deposits. In addition, 95.4% of the loans originated inside the bank's assessment areas during the review period were in the El Paso County assessment area. Accordingly, the bank's activity in the state of Texas received greater weight than the activity in New Mexico when determining an overall rating.

**Examination Analysis**

The evaluation of the bank's record of lending in the individual assessment areas includes the use of and comparison to demographic characteristics. The primary sources for the demographic information was obtained from publicly available sources, including the 2010 U.S. Census, 2015 U.S. Census estimates, the U.S. Department of Labor; the U.S. Bureau



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of Labor Statistics; the U.S. Department of Housing and Urban Development (HUD); the Texas Workforce Commission; and Dunn & Bradstreet (D&B) data. Demographic characteristics of a particular assessment area are useful in analyzing the bank's record of lending as they provide a means of estimating loan demand and identifying lending opportunities. To understand small business loan demand, self-reported data of revenue size and geographical location from business entities is collected and published by D&B. The demographic data should not be construed as defining an expected level of lending in a particular area or to a particular group of borrowers. The information is used to understand the bank's performance context and evaluate the bank.

In conjunction with the assessment, contact was made outside the bank with individuals, groups, and/or organizations. Community contacts were located throughout the assessment areas and included representatives of community-based organizations, municipalities, and quasi-government agencies.

### **Conclusions With Respect to Performance Tests**

#### **Lending Test**

The bank's overall Lending Test rating is Outstanding. Lending activity reflects excellent responsiveness to the credit needs of the El Paso County assessment area and adequate responsiveness to credit needs in the Las Cruces, NM MSA assessment area. The geographic distribution of loans reflects excellent penetration throughout the assessment areas. In addition, the distribution of loans reflects good penetration among borrowers of different income levels and businesses of different revenue sizes in the assessment areas. Additionally, the bank is a leader in making community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 2,073 (81.2%) small business loans compared to 479 (18.8%) HMDA loans, inside the assessment areas. Therefore, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices E through J.

#### **Lending Activity**

The bank's lending levels reflects excellent responsiveness to the assessment areas' credit needs. As the data indicates, the bank makes more small business loans than other types of loans. The table below shows the distribution of loans inside and outside the bank's assessment areas. A substantial majority (97.2% by number and 95.4% by dollar volume) of loans are made in the bank's assessment areas.

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Lending Inside and Outside the Bank's Assessment Areas								
Bank Loans	Inside				Outside			
	#	\$(000s)	# %	\$ %	#	\$(000s)	# %	\$ %
Home Purchase - Conventional	193	34,618	98.0	98.0	4	721	2.0	2.0
Home Purchase - FHA	131	22,206	100.0	100.0	0	0	0.0	0.0
Home Purchase - VA	78	16,792	100.0	100.0	0	0	0.0	0.0
Refinancing	43	20,249	93.5	97.0	3	636	6.5	3.0
Home Improvement	18	2,205	100.0	100.0	0	0	0.0	0.0
Multi-Family Housing	16	27,376	100.0	100.0	0	0	0.0	0.0
<b>Total HMDA-Related</b>	<b>479</b>	<b>123,446</b>	<b>98.6</b>	<b>98.9</b>	<b>7</b>	<b>1,357</b>	<b>1.4</b>	<b>1.1</b>
<b>Small Business</b>	2,073	479,176	97.0	94.6	64	27,146	3.0	5.4
<b>Small Farm</b>	21	4,354	84.0	86.2	4	695	16.0	13.8
<b>TOTAL LOANS</b>	<b>2,573</b>	<b>606,976</b>	<b>97.2</b>	<b>95.4</b>	<b>75</b>	<b>29,198</b>	<b>2.8</b>	<b>4.6</b>

Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business loans to businesses with gross annual revenues of \$1 million or less; and, small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including low- and moderate- income borrowers and areas. The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. Of the two full-scope assessment areas, one is considered good and one is considered adequate. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for each assessment area.

The geographic distribution of loans reflects excellent penetration throughout the assessment areas. Of the two full-scope assessment areas, one is considered excellent and one is considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for each assessment area.

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Community Development Lending

The bank is a leader in making community development loans. WestStar originated, or renewed, 55 community development loans totaling approximately \$191.3 million during the review period. This represents an increase of \$57.8 million, or 43.3% by dollar amount, when compared to the previous evaluation. The largest portion of the community development lending (96.4% by number and 88.4% by dollar volume) was in the El Paso County assessment area. For this reason, El Paso County assessment area was given more weight in evaluating the bank’s overall community development lending.

The community development loans originated during the evaluation period were for a variety of purposes. The majority of loans were for the purpose of revitalizing and stabilizing low- and moderate-income areas and promoting economic development. The table below summarizes the bank’s community development lending.

<b>Community Development Lending</b>		
<b>Purpose</b>	<b>Number</b>	<b>\$(’000s)</b>
Affordable Housing	8	9,442
Community Services	13	56,970
Economic Development	14	54,510
Revitalize and Stabilize	20	70,397
Total	55	191,319

**Investment Test**

The bank’s overall Investment Test rating is Outstanding. The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position. During the review period, the bank made ten qualifying investments totaling \$15.8 million. In addition, the bank made 310 donations, totaling \$665 thousand, for qualifying purposes to organizations that meet the definition of community development. Furthermore, the bank had prior period investments totaling \$4.8 million. The majority of the investments benefited affordable housing in the assessment areas. The bank’s community development investments in the El Paso County assessment area decreased slightly since the previous evaluation; however, the bank continues to be a leader in making community development investments in its assessment areas. In the Las Cruces, NM MSA assessment area, the bank’s investments increase substantially. Detailed discussions of the facts and data related to the bank’s community development investments in each of the bank’s assessment areas are in the Conclusions with Respect to Performance Test sections of this report.

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**Service Test**

The bank’s overall Service Test rating is High Satisfactory. WestStar’s retail services are well distributed throughout the assessment areas to serve the communities. Additionally, the bank provides a relatively high level of community development services. Specific details of the service performance are issued in the respective assessment area’s section of this report.

Retail Services

Delivery systems, including ATMs and branch office locations, are readily accessible to the bank’s assessment areas and individuals of different income levels. Banking services and hours of operations do not vary in a way that inconveniences the assessment areas, including low- and moderate-income geographies or low- and moderate-income individuals. The record of opening and closing offices has not adversely affected the accessibility of its delivery systems, including to low- and moderate-income geographies and/or low- and moderate-income individuals.

The table below summarizes the bank’s retail locations in its assessment areas.

Tract Income	% of Geographies	% of Population	Branches		Full Service ATMs		Cash Only ATMs	
			#	%	#	%	#	%
Low	6.4	4.7	2	14.3	2	14.3	0	0
Moderate	34.7	29.1	4	28.6	4	28.6	0	0
Middle	33.2	32.8	3	21.4	3	21.4	0	0
Upper	25.2	33.4	5	35.7	5	35.7	0	0
Unknown	0.5	0.0	0	0.0	0	0.0	0	0
Total	100	100	14	100	14	100	0	0

Community Development Services

The bank provides a relatively high level of community development services. WestStar provided approximately 10,406 hours of community development services during the review period, which were distributed throughout 348 organizations. The hours of service provided by the bank has decreased when compared to the previous evaluation. Overall, the bank provides services that benefit low- and moderate-income residents and small businesses within the assessment area.

The bank’s directors, officers, and staff members are involved in numerous organizations and activities that promote affordable housing for low- and moderate-income individuals, community services for low- and moderate-income individuals, economic development, and

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revitalization of low- and moderate-income areas. Additionally, the bank participates in numerous financial literacy initiatives to help provide financial education to business owners throughout its assessment areas. This initiative was particularly responsive and mentioned by community contacts as a need in the assessment areas.

**Fair Lending or Other Illegal Credit Practices Review**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations. Established policies and procedures are designed to ensure ongoing compliance with applicable laws and regulations.

## State of Texas

**CRA Rating for Texas: Outstanding**  
**The Lending Test is Rated: Outstanding**  
**The Investment Test is Rated: Outstanding**  
**The Service Test is Rated: High Satisfactory**

### Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Lending activity reflects excellent responsiveness to assessment area's credit needs.
- The geographic distribution of loans reflects excellent penetration throughout the assessment area.
- The distribution of HMDA lending reflects good penetration among customers of different income levels.
- The distribution of small business lending reflects good penetration among business of different revenue sizes.
- An excellent record of servicing the credit needs of low-income individuals and areas and small businesses.
- Is a leader in making community development loans.
- Makes use of innovative and/or flexible lending practices in serving assessment area needs.
- Has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position.
- Exhibits excellent responsiveness to credit and community development needs.
- Delivery systems are readily accessible to the bank's geographies and individuals of different income levels in the assessment area.
- The record of opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income (LMI) geographies and/or LMI individuals.
- Provides a relatively high level of community development services.

### Scope

The bank designates a single assessment area in Texas. According to FFIEC procedures, a minimum of one assessment area from each State must be reviewed using full-scope examination procedures for interstate institutions. Therefore, the single assessment area

delineated by the bank in the state of Texas was reviewed using full-scope procedures. As the El Paso County assessment area constitutes the one assessment area in Texas, the statewide rating will be based on the CRA activity within that assessment area.

The time period and products evaluated for this state are consistent with the scope discussed in the Institution section of this report.

### **Description of Institution's Operations in Texas**

WestStar's headquarters is located in El Paso, Texas, and a substantial majority its activity is conducted in the state. The bank operates 13 branch offices in Texas, representing 92.9% of the bank's total branches. As of June 30, 2019, the bank had \$1.5 billion in deposits in Texas, representing 96.7% of total deposits. According to the June 30, 2019 FDIC Summary of Deposits, the bank had a deposit market share of 0.17% and ranked 53<sup>rd</sup> out of 510 FDIC-insured financial institutions in the state. Of the 486 HMDA loans originated and purchased by the bank, 468 (96.3%) were in Texas. Of the 2,137 small business loans originated and purchased by the bank, 1,967 (92.0%) were in Texas.

### **Conclusions with Respect to Performance Tests in Texas**

#### **Lending Test**

In Texas, the bank's overall Lending Test rating is Outstanding. Lending activity reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects excellent penetration throughout the assessment area. In addition, the distribution of loans reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans.

The bank is both a small business and HMDA lender; however, HMDA loans are not a strategic focus for the bank. During the review period, the bank reported 1,967 (80.8%) small business loans compared to 468 (19.2%) HMDA loans inside the Texas assessment area. Therefore, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans can be found in tables in Appendices E through G.

#### **Geographic Distribution and Distribution by Borrower Income and Business Revenue Size**

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business to businesses with gross annual revenues of \$1 million or less; and, small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including low- and moderate- income borrowers and areas. The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for the El Paso County assessment area.

The geographic distribution of loans reflects excellent penetration throughout the assessment area. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for the El Paso County assessment area.

WestStar provides flexible and innovative lending programs in the state of Texas. For example, the bank collaborates with the Lower Valley Housing Corporation (LVHC) to provide home ownership opportunities for low- and moderate-income individuals and families in the El Paso County assessment area. LVHC assists low- and moderate-income families by forming groups of families and teaching them how to build homes. These families work together on each other's homes and provide sweat equity, which serves as the down payment for each of the properties. The bank provides 100% of the construction financing and often carries a majority of the permanent financing at an affordable rate. This program highlights the flexible lending practices of the bank within the state and demonstrates WestStar's responsiveness to meeting community needs.

### Community Development Lending

In Texas, the bank is a leader in making community development loans. During the review period, the bank originated 53 community development loans for \$169.2 million in Texas representing 96.4% of the bank's total community development loans and 88.4% by total dollar amount, respectively.

The community development loans originated during the evaluation period were for a variety of purposes. The table below summarizes the bank's community development lending.

<b>Community Development Lending</b>
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<b>Purpose</b>	<b>#</b>	<b>\$000s</b>
Affordable Housing	7	8,504
Community Services	13	56,970
Economic Development	13	33,290
Revitalization and Stabilization	20	70,397
<b>Totals</b>	<b>53</b>	<b>169,161</b>

The majority of the community development loans were loans made to businesses to revitalize and stabilize the community in conjunction with the city's Downtown Incentive Plan and Empowerment Zones.

### **Investment Test**

In Texas, the bank's overall Investment Test rating is Outstanding. The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position. The majority of the bank's investments in Texas were focused on helping to provide affordable housing, with a large portion of the investments in Government National Mortgage Association (GNMA) securities. A detailed discussion of the facts and data related to the bank's community development investments is presented in the Conclusions with Respect to Performance Test section of the El Paso County assessment area.

### **Service Test**

In Texas, the bank's overall Service Test rating is High Satisfactory. Retail and community development services reflect good responsiveness to the needs of the assessment area. Delivery systems area readily accessible to all portions of the assessment area. The bank's branch hours are reasonable and services do not vary in a way that inconveniences low- or moderate-income individuals. Bank officers and employees actively support organizations dedicated to community development initiatives. Details regarding the service performance are discussed in the respective assessment area's section of this report.

### Retail Services

The bank's delivery services are readily accessible to geographies and individuals of different income levels within the bank's assessment area. The assessment area contains no conspicuous gaps in the distribution of services. Branch hours are reasonable and services do not vary in a way that inconveniences low- or moderate-income census tracts. The table below summarizes the bank's retail locations in Texas.

<b>Tract Income</b>	<b>% of Geographies</b>	<b>% of Population</b>	<b>Branches</b>	<b>Full Service ATMs</b>
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State of Texas

			#	%	#	%
Low	6.2	3.9	2	15.4	2	15.4
Moderate	33.5	27.3	4	30.8	4	30.8
Middle	33.5	34.5	2	15.4	2	15.4
Upper	26.1	34.3	5	38.5	5	38.5
Unknown	0.6	0.0	0	0.0	0	1.0
Total	100.0	100.0	13	100.0	13	100.0

A detailed discussion of the facts and data related to the bank's retail services is presented in the Conclusions with Respect to Performance Test section for the bank's El Paso County assessment area.

Community Development Services

The bank provides a relatively high level of community development services within its single assessment area in the state of Texas. Bank employees dedicated over 9,700 hours of service during the review period. Examples of services provided include leadership roles within the Boys and Girls Club of El Paso, United Way of El Paso County, and Money Smart Week, El Paso. The table below shows the number of service hours by type of involvement.

Purpose	Hours Served
Affordable Housing	121
Benefits LMI Individuals/Geographies	8633
Revitalize/Stabilize	0
Provides Economic Development	991
Total	9745

A detailed discussion of the facts and data related to the bank's community development services is presented in the Conclusions with Respect to Performance Test section for the bank's Texas assessment area.

El Paso County Assessment Area

El Paso County Assessment Area (Full Scope Review)

**Description of Operations in El Paso County Assessment Area**

The El Paso County assessment area is made up of El Paso County, TX. This county, along with Hudspeth County, which is excluded from the assessment area, make up the El Paso, TX Metropolitan Statistical Area (MSA). El Paso is the western-most county in the state of Texas, and is bordered on the south by Ciudad Juarez, Mexico and on the north by the state of New Mexico.

According to the 2015 Census estimates, the assessment area population is 831,095, which accounts for 3.1% of the population in the state. Based on the 2010 population of 800,647, the assessment area has experienced an increase of 3.8% since 2010. El Paso is the largest city within the assessment area and accounts for 81.1% of the population in the assessment area. Other major cities in the assessment area include Horizon City, San Elizario, and Socorro.

As of September 30, 2019, the bank operated 13 branches in the assessment area, representing 92.9% of its branches. There are two branches located in low-income census tracts, four branches in moderate-income census tracts, two middle-income census tracts, and five branches in upper-income census tracts. Since the previous evaluation, the bank closed one branch in the El Paso County assessment area, which was located in an upper-income census tract.

According to the FDIC, as of June 30, 2019, the bank had \$1.5 billion in deposits in this assessment area representing 96.7% of the bank's total deposits. It also represents a deposit market share of 17.2%, which includes all other FDIC insured deposits that are located in the assessment area. The bank ranks third in market share behind Wells Fargo Bank, NA at 25.1%, and Bank of America, NA, at 22.1%. Behind WestStar in deposit market share, JPMorgan Chase Bank, NA ranks fourth with 16.5%. Many of the bank's competitors are statewide and multi-regional banks, but competition does not appear to have adversely affected the bank's ability to serve the credit needs of its assessment area, specifically in regards to small business lending. On the contrary, despite competing directly with some of the largest banks in the country, WestStar continues to excel in the market and is a leader in understanding and meeting the needs of the community.

In 2016, 316 lenders reported HMDA data in the assessment area. The bank ranked 27<sup>th</sup> in HMDA market share with 0.9%. GECU and Wells Fargo Bank, NA dominated the market with 16.0% and with 8.4% of the market share, respectively. In 2017, 309 financial institutions reported HMDA data in the assessment area. The bank ranked 12<sup>th</sup> in HMDA market share with 2.0%. GECU and Broker Solutions, Inc. dominated the market with

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14.7% and with 12.3% of the market share, respectively. In 2018, 309 financial institutions reported HMDA data in the assessment area. The bank ranked 11<sup>th</sup> in HMDA market share with 2.0%. GECU and Broker Solutions, Inc. continued to dominate the market with 12.6% and with 8.2%, respectively, of the market share.

In 2016, 86 financial institutions reported CRA small business data in the assessment area. WestStar ranked seventh in market share with 5.1%. CitiBank NA and American Express Bank dominated the market with 15.3% and with 14.8% of the market share, respectively. In 2017, 88 financial institutions reported CRA small business data in the assessment area. The bank ranked sixth in market share with 5.6%. American Express Bank and CitiBank, NA continued to dominate the market with 14.5% and with 12.4% of the market share, respectively. In 2018, 85 financial institutions reported CRA small business data in the assessment area. The bank ranked eighth in the market share with 5.2%. American Express NB and CitiBank NA again dominated the market with 15.6% and with 13.2% of the market share, respectively. The bank's ability to meet the credit needs of its assessment area has not been adversely affected by competition; rather, the bank continually ranks among the top ten CRA lenders in the assessment area, despite competing with some of the largest lenders in the nation.

### Demographic Characteristics

Certain economic and demographic data is available for analysis for the El Paso, TX MSA as a whole but not the specific assessment area. However, it is reasonable to believe that the data for the MSA area provides a good representation of the characteristics of the assessment area because the population of the assessment area includes 99.6% of the total El Paso, TX MSA population, and distribution of low-, moderate-, middle-, and upper-income families for the two areas is similar according to 2015 census data.

As of the 2010 census, the El Paso County assessment area was made up of 161 census tracts. Of those, nine (5.6%) were designated as low-income, 57 (35.4%) were moderate-income, 47 (29.2%) were middle-income, 47 (29.2%) were upper-income, and one (0.6%) was designated as unknown-income. The 2015 census estimates also record 161 census tracts; however, tract designation was adjusted as follows: 10 (6.2%) low-income, 54 (33.5%) moderate-income, 54 (33.5%) middle-income, 42 (26.1%) upper-income, and one (0.6%) unknown-income. The change in income designations indicates a shift toward middle-income from both moderate- and upper-income census tracts.

Demographics and economic information impacting the bank's performance context are discussed below.

### Income Characteristics

For purposes of classifying borrower income, this evaluation uses American Community Survey (ACS) 2010-2015 data for the relevant area. The following chart reflects the

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estimated median family income for the years 2010 and 2015 for the El Paso, TX MSA. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to the 2015 Census, 19.6% of the families in the assessment area lived below the poverty level.

<b>Income Level</b>	<b>2016</b>	<b>2018</b>
Median Income	\$40,316	\$46,000
Low-income	< \$20,158	< \$23,000
Moderate-income	\$20,158 < \$32,253	\$23,000 < \$36,800
Middle-income	\$32,253 < \$48,379	\$36,800 < \$55,200
Upper-income	≥ \$48,380	≥ \$55,200

Housing Characteristics

According to the 2015 census estimates, there were 282,616 housing units in the El Paso County assessment area. Of total housing in the assessment area, 56.5% of the units are classified as owner-occupied, while 35.4% are classified as rental units, and 8.1% of the available housing is vacant. Overall, 4.4% of the housing stock in the assessment area is in low-income tracts. In these census tracts, 23.6% of the housing units are owner-occupied, 64.0% are rental units, and 12.4% are vacant.

The median age of housing stock in these tracts is 58 years and the median housing value in low-income tracts for the assessment area in 2010 was \$67,953. By 2015, this number had increased to \$76,412, which is a 12.4% increase. Using the 2018 income level for assessment area families, and the 2018 Freddie Mac annual average rate of 4.54% for a 30 –year fixed-rate mortgage, a home of this value would still be considered affordable for a low-income family, with monthly payments equaling less than an assumed 28% debt-to-gross income ratio. However, barriers to homeownership typically include a down payment, and ongoing expenses such as property taxes and homeowner’s insurance. The monthly rental payment in low-income tracts in 2015 was \$424, which is less affordable than the monthly mortgage payment of \$311 for a \$76,400 thousand home for 30 years at 4.54% interest rate. However, 50.8% of families in low-income tracts have incomes below the poverty level, which may make it difficult to qualify for a loan. In addition, lenders are required to consider expenses associated with home ownership, such as property taxes and homeowners insurance when approving home loans. These expenses make home ownership less affordable for low-income families.

Housing located in moderate-income census tracts account for 27.6% of the housing stock in the assessment area. In these census tracts, 50.5% of the housing units are owner-occupied, 40.3% are rental units, and 9.2% are vacant. The median age of housing stock in these tracts is 48 years and the median housing value in moderate-income tracts for the assessment area in 2010 was \$76,250 thousand. By 2015, this number had increased to \$82,071 thousand, which is a 7.6% increase. Using the 2018

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income level for assessment area families, and assuming an average mortgage payment equal to 28% of gross income for a 4.54% fixed-rate, 30 year loan, a home of this value would be affordable for a moderate-income family, although a barrier to homeownership is typically a down payment and ongoing expenses such as property taxes, and homeowner's insurance. Furthermore, 31.2% of families in moderate-income tracts have incomes below the poverty level, which may make it difficult to qualify for a loan.

A large portion of the housing stock in the assessment area, at 34.1%, is in middle-income census tracts. In these census tracts, 55.1%% of the housing units are owner-occupied, 37.2%% are rental units, and 7.8%% are vacant. The median age of housing stock in these tracts is 40 years and 31.6% of families in middle-income census tracts have incomes below the poverty level. The median housing value in middle-income tracts for the El Paso County assessment area in 2010 was \$95,366. By 2015, this number had increased to \$104,357, which is an 8.6% increase.

Approximately 33.8% of the housing stock in the assessment area is in upper-income census tracts. In these census tracts, 67.1% of the housing units are owner-occupied, 25.8% are rental units, and 7.1% are vacant. The median age of housing stock in these census tracts is 28 years and only 16.0% of families in upper-income tracts have incomes below the poverty level. In addition, the median housing value in upper-income tracts for the assessment area in 2010 was \$ 147,264. By 2015, this number had increased to \$155,532, which is a 5.6% increase.

### Employment and Economic Conditions

The national average unemployment rates for 2017 and 2018 were 4.4% and 3.9%, respectively. Unemployment rates for the county in the assessment area was higher than the annual unemployment rates for Texas and the national average. According to the 2010 Census estimates, the unemployment rate was 10.9% in low-income tracts and 8.0% in moderate-income tracts. By 2015, the unemployment rate had increased to 15.3% and 11.0% in low- and moderate-income tracts, respectively. The high unemployment rates in low- and moderate-income census tracts could affect loan demand and ability for borrowers in these census tracts to qualify for loans.

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The following chart shows unemployment rates relevant to the assessment area for 2017 and 2018.

<b>Annual Average Unemployment Rate</b>		
<b>AREA</b>	<b>2017</b>	<b>2018</b>
Assessment Area	4.6%	4.2%
MSA	4.6%	4.2%
State of Texas	4.3%	3.9%
United States	4.4%	3.9%

El Paso is home to a variety of industries and businesses. More than 70 Fortune 500 have offices in El Paso. US Army base Fort Bliss, located in the assessment area, is home to over 35,000 military personnel, and provides over 12 thousand civilian jobs. Education plays a vital role the economy of El Paso. The three largest school districts in El Paso employ more than 19,000 people. The University of Texas at El Paso (UTEP) also provides nearly 3,600 jobs. Significant investments have been made in recent years to develop the healthcare industry in El Paso. The Sierra Providence Health Network is a major employer, providing approximately 4,000 jobs and connections to over 900 medical professionals.

Community Contacts and Community Development Opportunities

As part of the evaluation of the El Paso assessment area, contact was made with three community leaders working in the areas of affordable housing, and economic development. Contacts stated that economic conditions are generally good; wage rates are low but housing prices are also relatively low when compared to the rest of the state. Commerce is good, but opportunities remain in many sectors. One of the contacts stated that a substantial majority of businesses in the area meet the definition of small business (gross annual revenues under \$1 million). Many of these are very small businesses whose owners may have little business experience or a poor understanding of business management concepts. There is a need for financial institutions to assist small business owners in developing financial literacy skills, specifically in understanding how to prepare for and apply for credit. According to the contact, there are needs for business capital but many small business owners do not understand the credit process or know how to solicit credit from financial institutions. Another contact identified the need for startup businesses to have access to funds and the difficulty businesses have in obtaining financing due to the high risk nature of certain business industries.

Contacts in the affordable housing sector stated that there is more demand for affordable housing than supply provides. Many affordable housing projects are currently underway, and more will be scheduled over the next several years. According to this contact, financial institutions are engaged and willing to help in these endeavors, and have found this to be beneficial to both the community and the investing institutions.

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Key Assessment Area Demographics

The following tables detail selected characteristics of the assessment area.

TX - El Paso County 2016 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	9	5.6	6,846	3.7	4,127	60.3	43,893	23.5
Moderate-Income	57	35.4	58,376	31.3	19,610	33.6	31,779	17.0
Middle-Income	47	29.2	58,467	31.3	11,693	20.0	33,141	17.8
Upper-Income	47	29.2	62,998	33.7	6,539	10.4	77,874	41.7
Unknown-Income	1	0.6	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>161</b>	<b>100.0</b>	<b>186,687</b>	<b>100.0</b>	<b>41,969</b>	<b>22.5</b>	<b>186,687</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied		Rental		Vacant		
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	11,007	2,643	1.7	24.0	7,045	64.0	1,319	12.0
Moderate-Income	83,194	44,150	28.4	53.1	32,392	38.9	6,652	8.0
Middle-Income	81,280	49,031	31.6	60.3	26,024	32.0	6,225	7.7
Upper-Income	87,378	59,456	38.3	68.0	22,202	25.4	5,720	6.5
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>262,859</b>	<b>155,280</b>	<b>100.0</b>	<b>59.1</b>	<b>87,663</b>	<b>33.3</b>	<b>19,916</b>	<b>7.6</b>
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	1,631	6.8	1,395	6.3	219	11.2	17	12.6
Moderate-Income	6,972	28.9	6,211	28.2	721	36.9	40	29.6
Middle-Income	6,546	27.2	6,060	27.5	455	23.3	31	23.0
Upper-Income	8,808	36.6	8,239	37.5	522	26.7	47	34.8
Unknown-Income	130	0.5	95	0.4	35	1.8	0	0.0
<b>Total AA</b>	<b>24,087</b>	<b>100.0</b>	<b>22,000</b>	<b>100.0</b>	<b>1,952</b>	<b>100.0</b>	<b>135</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			<b>91.3</b>		<b>8.1</b>		<b>0.6</b>	
	Total Farms by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	4	3.1	4	3.3	0	0.0	0	0.0
Moderate-Income	43	33.9	39	32.2	4	66.7	0	0.0
Middle-Income	34	26.8	34	28.1	0	0.0	0	0.0
Upper-Income	45	35.4	44	36.4	1	16.7	0	0.0
Unknown-Income	1	0.8	0	0.0	1	16.7	0	0.0
<b>Total AA</b>	<b>127</b>	<b>100.0</b>	<b>121</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			<b>95.3</b>		<b>4.7</b>		<b>0.0</b>	

Based on 2016 Dun & Bradstreet information according to 2010 ACS.



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TX - El Paso County								
2017 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	10	6.2	7,088	3.6	3,599	50.8	43,488	22.3
Moderate-Income	54	33.5	52,571	27.0	16,417	31.2	33,942	17.4
Middle-Income	54	33.5	66,302	34.0	12,063	18.2	37,272	19.1
Upper-Income	42	26.1	69,003	35.4	6,115	8.9	80,262	41.2
Unknown-Income	1	0.6	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>161</b>	<b>100.0</b>	<b>194,964</b>	<b>100.0</b>	<b>38,194</b>	<b>19.6</b>	<b>194,964</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	12,489	2,952	1.8	23.6	7,990	64.0	1,547	12.4
Moderate-Income	78,104	39,452	24.7	50.5	31,449	40.3	7,203	9.2
Middle-Income	96,399	53,077	33.2	55.1	35,828	37.2	7,494	7.8
Upper-Income	95,624	64,166	40.2	67.1	24,698	25.8	6,760	7.1
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>282,616</b>	<b>159,647</b>	<b>100.0</b>	<b>56.5</b>	<b>99,965</b>	<b>35.4</b>	<b>23,004</b>	<b>8.1</b>
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	1,632	7.4	1,389	7.0	226	11.7	17	13.2
Moderate-Income	6,195	28.2	5,433	27.3	726	37.4	36	27.9
Middle-Income	6,773	30.8	6,179	31.0	562	29.0	32	24.8
Upper-Income	7,278	33.1	6,844	34.3	390	20.1	44	34.1
Unknown-Income	119	0.5	84	0.4	35	1.8	0	0.0
<b>Total AA</b>	<b>21,997</b>	<b>100.0</b>	<b>19,929</b>	<b>100.0</b>	<b>1,939</b>	<b>100.0</b>	<b>129</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			90.6		8.8		0.6	
	Total Farms by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	3	2.5	3	2.7	0	0.0	0	0.0
Moderate-Income	56	47.5	52	46.8	4	57.1	0	0.0
Middle-Income	14	11.9	12	10.8	2	28.6	0	0.0
Upper-Income	44	37.3	44	39.6	0	0.0	0	0.0
Unknown-Income	1	0.8	0	0.0	1	14.3	0	0.0
<b>Total AA</b>	<b>118</b>	<b>100.0</b>	<b>111</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			94.1		5.9		0.0	

Based on 2017 Dun & Bradstreet information according to 2015 ACS.

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TX - El Paso County								
2018 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	10	6.2	7,088	3.6	3,599	50.8	43,488	22.3
Moderate-Income	54	33.5	52,571	27.0	16,417	31.2	33,942	17.4
Middle-Income	54	33.5	66,302	34.0	12,063	18.2	37,272	19.1
Upper-Income	42	26.1	69,003	35.4	6,115	8.9	80,262	41.2
Unknown-Income	1	0.6	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>161</b>	<b>100.0</b>	<b>194,964</b>	<b>100.0</b>	<b>38,194</b>	<b>19.6</b>	<b>194,964</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	12,489	2,952	1.8	23.6	7,990	64.0	1,547	12.4
Moderate-Income	78,104	39,452	24.7	50.5	31,449	40.3	7,203	9.2
Middle-Income	96,399	53,077	33.2	55.1	35,828	37.2	7,494	7.8
Upper-Income	95,624	64,166	40.2	67.1	24,698	25.8	6,760	7.1
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>282,616</b>	<b>159,647</b>	<b>100.0</b>	<b>56.5</b>	<b>99,965</b>	<b>35.4</b>	<b>23,004</b>	<b>8.1</b>
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	1,903	7.2	1,636	6.7	241	12.3	26	12.2
Moderate-Income	7,257	27.3	6,452	26.4	742	37.8	63	29.6
Middle-Income	8,261	31.1	7,641	31.3	563	28.7	57	26.8
Upper-Income	9,059	34.1	8,609	35.2	383	19.5	67	31.5
Unknown-Income	124	0.5	92	0.4	32	1.6	0	0.0
<b>Total AA</b>	<b>26,604</b>	<b>100.0</b>	<b>24,430</b>	<b>100.0</b>	<b>1,961</b>	<b>100.0</b>	<b>213</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			91.8		7.4		0.8	
	Total Farms by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	4	2.7	3	2.1	1	12.5	0	0.0
Moderate-Income	61	40.7	57	40.1	4	50.0	0	0.0
Middle-Income	20	13.3	18	12.7	2	25.0	0	0.0
Upper-Income	64	42.7	64	45.1	0	0.0	0	0.0
Unknown-Income	1	0.7	0	0.0	1	12.5	0	0.0
<b>Total AA</b>	<b>150</b>	<b>100.0</b>	<b>142</b>	<b>100.0</b>	<b>8</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			94.7		5.3		0.0	

Based on 2018 Dun & Bradstreet information according to 2015 ACS.

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## Conclusions With Respect to Performance Tests

### Lending Test

The bank's lending performance in the El Paso County assessment area is excellent. Lending activity reflects excellent responsiveness to assessment area credit needs. The geographic distribution of loans reflects excellent penetration throughout the assessment area. In addition, the distribution of borrowers reflects good penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank is a leader in making community development loans and uses innovated and flexible loan programs.

The bank is both a small business and HMDA lender. During the review period, the bank reported 1,967 (80.8%) small business loans compared to 468 (19.2%) HMDA loans in the El Paso County assessment area. Therefore, small business lending was given more weight than HMDA lending in analyzing the bank's performance in the assessment area. Of the HMDA loans originated by the bank, 395 (84.4%) were home purchase loans; Accordingly, home purchase lending was given more weight than other types of HMDA lending when analyzing the bank's performance in El Paso. Lending in the El Paso County assessment area accounted for 96.3% of the bank's total HMDA lending and 92.0% of the bank's total small business lending.

Details of the bank's mortgage and small business lending and information regarding lending by peers can be found in Appendices E through G.

### Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects a good penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to low- and moderate-income borrowers.

### HMDA Lending

HMDA lending by borrower income in the assessment area is considered good when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations and purchases in the assessment area.

WestStar's HMDA lending to low-income borrowers is good. In 2016, the bank originated 3.3% by number (0.8% by dollar volume) of its total HMDA loans to low-income borrowers, which exceeded HMDA lending to low-income borrowers by aggregate lenders at 2.6% (1.2% by dollar volume). In 2017, the bank originated 4.7% by number (0.7% by dollar volume) of its total HMDA loans to low-income borrowers, which exceeded HMDA lending

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to low-income borrowers by aggregate lenders at 2.7% by number (1.0% by dollar volume). Low-income families made up 23.5% of the families in the assessment area in 2016 and 22.3% in 2017. Both the bank and aggregate lenders fell below the demographic of percent of low-income families in the assessment area.

The bank's HMDA lending to moderate-income borrowers is adequate. In 2016, the bank originated 8.7% by number (4.0% by dollar) of its total HMDA loans to moderate-income borrowers, which was slightly below HMDA lending to moderate-income borrowers by aggregate lenders at 9.9% by number (5.9% by dollar volume). In 2017, the bank originated 5.0% by number (1.5% by dollar volume) of its total HMDA loans to moderate-income borrowers, which was below aggregate HMDA lending to moderate-income borrowers by aggregate lenders at 10.9% by number (5.9% by dollar volume). Moderate-income families made up 17.0% of the families in the assessment area in 2016 and 17.4% in 2017. Both the bank and aggregate lenders fell below the demographic of percent of moderate-income families in the assessment area.

The bank's HMDA lending to low- and moderate-income borrowers during the sample period is good, despite falling below the demographic in lending to both low- and moderate-income borrowers. Aggregate lenders also failed to meet the demographic, which indicates broad challenges in reaching these borrowers. Low- and moderate-income families may struggle to find suitable housing due to a lack of affordable housing and may struggle to qualify for mortgages under existing mortgage processes, which require stringent income documentation and specific debt-to-income levels. In addition, community contacts identified low demand from low- and moderate-income borrowers may result from a lack of understanding the processes involved in obtaining a mortgage (or other HMDA) loan. In light of these factors, the bank's efforts to originate HMDA loans to low- and moderate-income borrowers is good.

### Small Business Lending

The borrower distribution of small business loans by revenue size of businesses is good, considering the bank's performance when compared to aggregate CRA lenders and the demographic data. In 2017, the bank originated 54.2% by number (45.4% by dollar volume) of small business loans to businesses with revenues of \$1 million or less. The bank's performance significantly exceeded that of CRA aggregate lenders at 44.2% by number (32.6% by dollar volume). In 2018, the bank originated 56.8% by number (47.4% by dollar volume) of loans to businesses with revenues of \$1 million or less. The bank's performance again significantly exceeded that of CRA aggregate lenders at 42.6% by number (32.4% by dollar volume). Although the bank exceeded aggregate CRA lenders in lending to small businesses by ten percent or more in each year (both by number and dollar volume), WestStar's lending fell below D&B demographic data, which reported 90.6% and 91.8% of all businesses in the assessment area with gross annual revenues of \$1 million or less for 2017 and 2018, respectively.

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Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects excellent penetration throughout the assessment area. Loans were generally made in close proximity to the bank's branches and there were no conspicuous gaps or anomalies in the lending patterns.

HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects good penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. Home purchase loans account for 84.4% of the bank's HMDA lending; therefore, purchase lending was given more weight in determining the rating.

Home Purchase Lending

Home purchase lending in low-income census tracts is adequate. The bank originated no home purchase loans in low-income census tracts in 2016 and originated 0.7% by number (0.4% by dollar volume) of home purchase loans in low-income census tracts in 2017. Aggregate HMDA lenders also struggled to lend in low-income census tracts. In 2016, aggregate lenders originated 0.5% by number (0.2% by dollar volume) of home purchase loans in low-income census tracts. In 2017, aggregate lenders originated 0.5% by number (0.3% by dollar volume) in low-income census tracts. Owner occupied units accounted for only 1.7% and 1.8% of the properties in low-income census tracts in 2016 and 2017, respectively. This explains, in part, why both the bank and aggregate originated low percentages of home purchase loans in low-income census tracts. Furthermore, in both 2016 and 2017, 64.0% of properties located in low-income census tracts were rental properties. Finally, in 2016, 60.3% of families in low-income census tracts lived below poverty. This number slipped to 50.8% in 2017 but still represents a majority of the families. Families living below poverty are more likely to struggle with a down payment on a home and to qualify for a home loan. This context explains the challenges the bank faces in originating loans in low-income census tracts, and in light of these challenges, the bank's performance is adequate.

Home purchase lending in moderate-income census tracts is good. In 2016, the bank originated 16.8% by number (9.3% by dollar) of home purchase loans in moderate-income census tracts, which is comparable to aggregate HMDA lenders at 17.1% (14.1% by dollar). The percentage of home purchase loans originated by the bank and aggregate

El Paso County Assessment Area

HDMA lenders was less than the 28.4% of owner-occupied units in moderate in census tracts. In 2017, the bank originated 13.2% by number (6.3% by dollar volume) of home purchase loans, which continues to be comparable to aggregate HMDA lenders at 12.3% by number (9.8% by dollar), but is less than the 24.7% percent of owner-occupied units.

The distribution of the remainder of bank lending in middle- and upper- income geographies did not affect conclusions about the bank's performance considering its lending in low- and moderate-income geographies).

### Home Refinance Lending

Home refinance lending in low-income census tracts is adequate. Although the bank did not originate any refinance loans in low-income census tracts in 2016 or 2017, aggregate HMDA lenders only originated 0.4% by number (0.2% by dollar volume) of refinance loans in low-income census tracts in 2016 and 0.6% by number (0.4% by dollar volume) in 2017. As previously mentioned, owner-occupied units account for only 1.7% and 1.8% of houses in low-income census tracts in 2016 and 2017, respectively.

Home refinance lending in moderate-income tracts is good. In 2016, the bank originated 16.0% by number (10.0% by dollar volume) of home refinance lending in moderate-income census tracts, which is slightly above aggregate lenders at 13.8% by number (10.6% by dollar). Both the bank and aggregate lenders fell below the demographic at 28.4%. In 2017, the bank originated 6.7% by number (5.3% by dollar volume) of its home refinance lending in moderate-income census tracts, which is below aggregate lenders at 10.5% by number (7.2% by dollar volume). Both the bank and aggregate lenders fell below the demographic at 24.7%.

### Home Improvement Lending

Home improvement lending in low-income census tracts is adequate. In 2016, the bank originated 11.1% by number (4.1% by dollar volume) of home improvement loans in low-income census tracts. This is significantly higher than both aggregate lenders and demographic at 1.1% and 1.7% respectively. In 2017, the bank did not make any home improvement loans in low-income census tracts. This is reasonable, however, when compared to aggregate lenders at 1.4% by number (0.7% by dollar volume) and demographic at 1.8%.

Home improvement lending in moderate-income census tracts is adequate. In 2016, the bank did not originate any home improvement loans in moderate-income census tracts. This is significantly below aggregate lenders at 23.1% and demographic at 28.4%. In 2017, the bank originated 11.1% by number (20.1% by dollar volume) of home improvement loans in moderate-income census tracts, which is comparable to aggregate lenders at 18.9% by number (16.6% by dollar volume), but below demographic at 24.7%.

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Multifamily Lending

Multifamily lending in low-income census tracts is good. In 2016, the bank originated 11.1% by number (9.8% by dollar volume) of multifamily loans in low-income census tracts. This is comparable to aggregate lenders at 16.3% by number (1.8% by dollar volume) and demographic at 11.9%. In 2017, the bank originated 16.7% by number (2.0% by dollar volume) of multifamily loans in low-income census tracts. This is comparable to aggregate lenders at 17.9% and above demographic at 12.3%.

Multifamily lending in moderate-income census tracts is good. In 2016, the bank originated 44.4% by number (13.8% by dollar volume) of multifamily loans in moderate-income census tracts. This is similar to aggregate lenders at 34.9% and above demographic at 34.0%. In 2017, the bank originated 50.0% by number (3.0% by dollar volume) of multifamily loans in moderate-income census tracts, which exceeds aggregate lenders by number at 25.6%, but is below aggregate lenders when compared to the dollar volume at 13.2%. The demographic of multifamily units in moderate-income census tracts is 32.8%.

Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects excellent penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

The bank's small business lending in low-income census tracts is good. In 2017, the bank originated 6.9% by number (8.0% by dollar volume) while aggregate CRA lenders originated 6.2% by number (6.5% by dollar volume) of loans to small businesses in low-income census tracts. The bank performed comparable to the 7.4% demographic (percent of small businesses located in low-income census tracts). In 2018, the bank originated 7.3% by number (6.3% by dollar volume) of small business loans in low-income census tracts. This exceeded aggregate small business lenders, which originated 5.6% by number (5.7% by dollar volume) of loans in low-income census tracts and was comparable to the demographic at 7.2%.

The bank's lending to small businesses in moderate-income census tracts is excellent. In both 2017 and 2018, the bank out performed aggregate CRA lenders and exceeded the demographic. In 2017, the bank originated 33.2% by number (38.4% by dollar volume) of small business loans in moderate-income census tracts, while aggregate CRA lenders originated 28.1% by number (27.3 by dollar volume) and 28.2% of small businesses were located in moderate-income census tracts. In 2018, the bank originated 35.6% by number (39.0% by dollar volume) of small business loans in moderate-income

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census tracts, while aggregate CRA lenders originated 28.7% by number (28.9% by dollar volume) and 27.3% of small businesses were located in moderate-income census tracts.

The bank’s small business lending in middle- and upper-income tracts was generally lower than the percentage of small businesses in these tracts. When compared to the aggregate by percentage, the bank originated a smaller percentage of loans in middle- and upper-income tracts in 2017 and 2018 than the aggregate, which accentuates the bank’s efforts to lend in low- and moderate-income areas and reflects favorably on the bank’s overall performance.

Community Development Lending

WestStar is a leader in making community development loans in the assessment area. The bank originated 53 community development loans in the El Paso County assessment area totaling over \$169.2 million during the review period. While the number of community development loans decreased since the previous CRA performance evaluation, the dollar amount of these loans increased by over \$40 million or 34.1% since the previous evaluation. The table below provides a breakdown of the types of community development loans the bank originated during the review period.

<b>Community Development Lending</b>		
<b>Purpose</b>	<b>#</b>	<b>\$000s</b>
Affordable Housing	7	8,504
Community Services	13	56,970
Economic Development	13	33,290
Revitalization and Stabilization	20	70,397
Totals	53	169,161

The majority of the community development loans were loans made to businesses to revitalize and stabilize the community in connection with the city’s Downtown Incentive Plan and Empowerment Zones. In addition to these efforts, the bank collaborates with the Lower Valley Housing Corporation (LVHC) to provide home ownership opportunities for low- and moderate-income individuals and families. LVHC assists low- and moderate-income families by forming groups of families and teaching them how to build homes. These families work together on each other’s homes and provide sweat equity, which serves as the down payment of each of the properties. The bank provides 100% of the construction financing and often carries a majority of the permanent financing. This program highlights the flexible lending of the bank to benefit the El Paso County assessment area and demonstrates WestStar’s responsiveness to meeting community needs.



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**Investment Test**

The bank has an excellent level of qualified community development investments and grants, particularly those not routinely provided by private investors and is often in a leadership position. A large portion of investment activity centered on affordable housing initiatives, including GNMA securities. This underscores the bank’s responsiveness to the affordable housing needs of the community that were identified by community contacts who specialize in affordable housing. In addition, the bank made 290 qualifying donations, totaling \$650 thousand to organizations in the assessment area.

The total amount of investments and contributions in the assessment area, at \$11.4 million, has slightly decreased (approximately 4.1%) when compared to the previous evaluation; however, investments and donations were made strategically and reflect bank management’s understanding of community needs and dedication to meet those needs.

Community Development Investments								
Purpose	Current Period Investments		Prior Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	1	334	3	4,801	5	10	9	5,145
Community Services	2	3,616	0	0	268	560	270	4,176
Economic Development	1	2,000	0	0	15	76	16	2,076
Revitalization and Stabilization	0	0	0	0	2	4	2	4
<b>Total</b>	<b>4</b>	<b>5,950</b>	<b>3</b>	<b>4,801</b>	<b>290</b>	<b>650</b>	<b>297</b>	<b>11,401</b>

**Service Test**

The bank’s retail and community development services reflect good responsiveness to the needs of the assessment area. The bank’s branch hours are reasonable and services do not vary in a way that inconveniences low- or moderate-income geographies or individuals. The bank provides a relatively high number of community development services. Bank officers and employees actively support organizations dedicated to community development initiatives.

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Retail Services

The bank's delivery systems are readily accessible to the bank's geographies and individuals of different income levels in its assessment area. The distribution of the bank's 13 branch offices and 13 ATMs as of December 31, 2018, was compared to the distribution of households and businesses among the tract categories within the assessment area. The table below summarizes the bank's retail locations in the El Paso County assessment area.

Tract Income	% of Geographies	% of Population	Branches		Full Service ATMs	
			#	%	#	%
Low	6.2	3.9	2	15.4	2	15.4
Moderate	33.5	27.3	4	30.8	4	30.8
Middle	33.5	34.5	2	15.4	2	15.4
Upper	26.1	34.3	5	38.5	5	38.5
Unknown	0.6	0.0	0	0.0	0	1.0
Total	100.0	100.0	13	100.0	13	100.0

The bank did not open any branches during the review period, but closed one branch (located in an upper income census tract) in the El Paso County assessment area. The bank's record of opening or closing branches has not adversely affected the accessibility of its delivery systems, including to low- or moderate-income individuals. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. Alternative delivery systems, such as online banking, mobile banking, and night deposit boxes were also considered in determining accessibility. Since the previous evaluation, the bank upgraded all of its ATM's, including those in low- and moderate-income census tracts, to full service (deposit taking) ATM's, which enhances accessibility. The level of branch services and hours offered are basically the same throughout the assessment area.

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Community Development Services

The bank provides a relatively high level of community development services in the assessment area. The bank's employees served in various capacities, including boards of directors and as trustees, for 323 community development financial organizations offering community development services that focused on community services that aided low- or moderate-income individuals. Total hours served during the review period was approximately 9,745 hours. The table below shows the number of hours by type of involvement.

<b>Purpose</b>	<b>Hours Served</b>
Affordable Housing	121
Benefits LMI Individuals/Geographies	8,633
Revitalize/Stabilize	0
Provides Economic Development	991
Total	9,745

Particularly responsive to the needs of the assessment area is the bank's involvement in providing financial literacy programs. Multiple community contacts identified financial literacy as a need for both small business owners and individuals in the assessment area. The bank is a leader in supporting financial literacy programs through various channels, including Money Smart Week, Junior Achievement of the Desert Southwest, the Salvation Army, and the Chamber of Commerce.

## State of New Mexico

**CRA Rating for New Mexico: Satisfactory**  
**The Lending Test is Rated: High Satisfactory**  
**The Investment Test is Rated: High Satisfactory**  
**The Service Test is Rated: Low Satisfactory**

### Summary of Major Factors Supporting Rating

Major factors supporting the institution's rating include:

- Lending activity reflects adequate responsiveness to assessment area's credit needs.
- The geographic distribution of loans reflects good penetration throughout the assessment area.
- The distribution of Home Mortgage Disclosure Act (HMDA) lending reflects poor penetration among customers of different income levels.
- The distribution of small business lending reflects good penetration among businesses of different revenue sizes.
- Makes a relatively high level of community development loans.
- Has a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position.
- Exhibits adequate responsiveness to credit and community development needs.
- Delivery systems are reasonably accessible to the bank's geographies and individuals of different income levels in the assessment area.
- Provides an adequate level of community development services.

### **Scope**

The bank designates a single assessment area in the state of New Mexico. The only branch operated by the bank in New Mexico is located in the Las Cruces, NM MSA. FFIEC procedures require a full-scope review to be conducted on at least one assessment area from each state in which the bank operates. Therefore, this assessment area was selected for a full-scope review. Because there is only one assessment area in the state, all lending, deposit and branch activity in the state was evaluated through a full scope review. Descriptions of the Las Cruces, NM MSA assessment area can be found in the applicable assessment area sections of this report.

The time period and products evaluated for this state are consistent with the scope discussed in the Institution section of this report.

### **Description of Institution's Operations in New Mexico**

The bank operates one branch office in its assessment area in New Mexico, which represents 7.1% of the bank's total branches. As of June 30, 2019, the bank had \$51.5 million in deposits in the state, representing 3.3% of the bank's total deposits. According to the June 30, 2019 FDIC Summary of Deposits, the bank had a deposit market share of 0.2% and ranked 50th out of 56 FDIC-insured financial institutions across the state. Of the 486 HMDA loans originated and purchased by the bank, 11 (2.3 %) were in New Mexico. Of the 1,967 small business loans originated and purchased by the bank, 106 (5.4%) were in New Mexico.

### **Conclusions with Respect to Performance Tests in New Mexico**

#### **Lending Test**

In New Mexico, the bank's overall Lending Test rating is High Satisfactory. Lending activity reflects adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Further, the bank makes a relatively high level of community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 106 (90.6%) small business loans compared to 11 (9.4%) HMDA loans. Therefore, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

References are made to the bank's lending distribution by geography and borrower income throughout this report. Detailed information about the bank's HMDA- and CRA-reportable loans in New Mexico can be found in tables in Appendices H through J.

#### Geographic Distribution and Distribution by Borrower Income and Business Revenue Size

Consistent with the performance standards for a large bank, conclusions about the bank's distribution of lending within its assessment areas considers; the number and amount of loans in low-, moderate-, middle-, and upper-income geographies in the bank's assessment areas; home mortgage loans to low-, moderate-, middle-, and upper-income individuals; small-business to businesses with gross annual revenues of \$1 million or less; and, small-business loans by loan amount at origination.

The CRA emphasizes the importance of banks serving the credit needs of their assessment areas, including low- and moderate- income borrowers and areas. The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for each assessment area.

The geographic distribution of loans reflects good penetration throughout the assessment area. The one full-scope assessment area is considered good. A detailed discussion of the facts and data supporting the overall conclusions are presented in the Conclusions with Respect to Performance Test section for each assessment area.

#### Community Development Lending

In New Mexico, the bank makes a relatively high level of community development loans in its New Mexico assessment area. During the review period, the bank originated two community development loans totaling approximately \$22.2 million in New Mexico, which represents 3.6% of the bank's total community development loans by number and 11.6% by total dollar amount.

State of New Mexico

The community development loans originated during the evaluation period were divided between affordable housing and economic development purposes. The table below summarizes the bank's community development lending.

<b>Community Development Lending</b>		
<b>Purpose</b>	<b>Number</b>	<b>\$( '000s)</b>
Affordable Housing	1	938
Community Services	0	0
Economic Development	1	21,220
Revitalize and Stabilize	0	0
Total	2	22,158

### **Investment Test**

In New Mexico, the bank's overall Investment Test rating is High Satisfactory. The bank has a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position. The bank made three qualified investments that totaled \$5.1 million benefiting affordable housing. In addition, the bank made 18 donations that totaled over \$10 thousand to organizations providing community services targeted to low- and moderate-income individuals in New Mexico.

The total amount of investments and contributions in New Mexico has significantly increased since the previous evaluation. For additional details, see the Conclusions with Respect to Performance Test section of the Las Cruces, NM MSA assessment area evaluation of this report.

### **Service Test**

In New Mexico, the bank's overall Service Test rating is Low Satisfactory. Retail and community development services reflect adequate responsiveness to the needs of the assessment area. Delivery systems area reasonably accessible to all portions of the assessment area. The bank's branch hours are reasonable and services do not vary in a way that inconveniences low- or moderate-income individuals. Bank officers and employees actively support organizations dedicated to community development initiatives.

#### Retail Services

The bank's delivery services are reasonably accessible to geographies and individuals of different income levels within the bank's single assessment area within the state. The assessment area contains no conspicuous gaps in distribution of services. WestStar has one branch in the state, which is located in a middle-income census tract. Branch hours are

State of New Mexico

reasonable and because the bank has only one branch in New Mexico, there are no variations in hours or services that inconvenience low- or moderate-income census tracts. The bank also has one full service ATM in the state.

A detailed discussion of the facts and data related to the bank's retail services is presented in the Conclusions with Respect to Performance Test section for the bank's New Mexico assessment area.

Community Development Services

The bank provides an adequate level of community development services within its single assessment area in the state of New Mexico. Bank employees served numerous community development organizations in various capacities totaling more than six hundred hours during the review period. The table below shows the number of service hours by type of involvement.

<b>Purpose</b>	<b>Hours Served</b>
Affordable Housing	0
Benefits LMI Individuals/Geographies	589
Revitalize/Stabilize	0
Provides Economic Development	72
Total	661

A detailed discussion of the facts and data related to the bank's community development services is presented in the Conclusions with Respect to Performance Test section for the bank's New Mexico assessment area.



Las Cruces NM, MSA Assessment Area

Las Cruces, NM MSA Assessment Area (Full Scope Review)

**Description of Operations in Las Cruces, NM MSA Assessment Area**

The Las Cruces, NM MSA Assessment Area is a single county MSA composed of Dona Ana County. It is located in south central New Mexico along the border of Texas and the United States-Mexico border. The bank takes the entire MSA as its assessment area.

According to the 2010 Census, the assessment area population was 209,233, which accounts for 10.2% of the population in the state. Based on the 2015 population estimate of 213,963, the assessment area has experienced an increase of 2.3% since 2010. Las Cruces, the largest city within the assessment area accounts for 46.5% of the population in the assessment area. Other major cities in the assessment area are Sunland Park, Anthony, Mesilla, and Santa Teresa.

As of December 31, 2019, the bank operated one branch in the assessment area representing 7.1% of its branches. This branch is located in a middle-income census tract. There are no branches located in low- or moderate-income census tracts, nor does the bank operate Loan Production Offices or Deposit Production Offices in the Las Cruces, NM MSA assessment area.

According to the FDIC, as of June 30, 2019, the bank had \$51.5 million in deposits in this assessment area representing 3.3% of the bank's total deposits. It also represents a deposit market share of 2.3%, which includes all other FDIC insured deposits that are located in the assessment area. Wells Fargo, NA holds the largest deposit share at 27.6%, followed by Citizens Bank of Las Cruces, at 21.0%, and Bank of America, NA, at 9.7%. Many of the bank's competitors are statewide and multi-regional banks. While the market is very competitive, the bank's ability to serve the credit needs, especially those of small businesses in its assessment area, does not appear to have been adversely affected.

For 2016, there were 216 financial institutions that reported HMDA data in the assessment area. The bank ranked 52<sup>nd</sup> in HMDA market share of less than 0.1%. Citizens Bank of Las Cruces and Wells Fargo Bank, NA dominate the market with 10.9% and with 8.2% respectively of the market share. For 2017, there were 215 financial institutions that reported HMDA data in the assessment area. The bank ranked 48<sup>th</sup> in HMDA market share with less than 0.2%. Citizens Bank of Las Cruces and Cornerstone Mortgage Company dominate the market with 12.0% and with 8.0% respectively of the market share.

For 2017, there were 59 financial institutions that reported CRA small business data in the assessment area. The bank ranked 10<sup>th</sup> in the market with a market share of 1.8%.

Las Cruces NM, MSA Assessment Area

Wells Fargo Bank, NA and Citibank, NA dominate the market with 17.3% and with 15.2% respectively of the market share. For 2018, there were 61 financial institutions that reported CRA small business data in the assessment area. The bank ranked 11<sup>th</sup> in market share with 1.6%. Wells Fargo Bank, NA and American Express NB dominate the market with 15.3% and with 14.0% respectively of the market share.

Demographic Characteristics

At the 2010 census, the Las Cruces, NM MSA assessment area was comprised of 41 census tracts. Of these, four (9.8%) were low-income, 16 (39.0%) were moderate-income, seven (17.1%) were middle-income, 14 (34.1%) were upper-income. Approximately 44.0% of the population live in low- or moderate-income census tracts. At the 2015 census estimate, the number of census tract remained at 41; however, designation of income level changed as follows: three (7.3%) were low-income, 16 (39.0%) were moderate-income, 13 (31.7) were middle-income, and nine (22.0%) were upper-income. Approximately 43.8% of the population live in low- or moderate-income census tracts.

Income Characteristics

For purposes of classifying borrower income, this evaluation uses American Community Survey (ACS) 2015 data for the relevant area. The following chart reflects the estimated median family income for the years 2016 and 2018 for the Las Cruces, NM MSA. It also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). According to the 2015 Census estimate, 22.1% of the families in the assessment area lived below the poverty level.

<b>Income Level</b>	<b>2016</b>	<b>2018</b>
Median Income	\$42,864	\$45,032
Low-income	< \$21,432	< \$22,516
Moderate-income	\$21,432 < \$34,291	\$22,516 < 36,026
Middle-income	\$34,291 < \$51,437	\$36,026 < 54,038
Upper-income	≥ \$51,437	≥ \$54,038

Housing Characteristics

According to 2015 census estimates, there were 83,586 housing units in the Las Cruces, NM MSA assessment area. Of total housing in the assessment area, 58.0% of the units are classified as owner-occupied, while 31.5% are classified as rental units and 10.6% of the available housing is vacant. Overall, 7.1% of the housing stock in the assessment area is in low-income tracts. In these census tracts, 29.8% of the housing units are owner-occupied, 59.9% are rental units, and 10.2% are vacant.

Las Cruces NM, MSA Assessment Area

The median age of housing stock in low-income census tracts is 40 years and the median housing value in these tracts for the assessment area in 2010 was \$100,715. By 2015, this number had increased to \$110,507, which is a 9.7% increase. Using the 2018 income level for assessment area families, and assuming an average mortgage payment equal to 28% of gross income for a 4.54% fixed-rate, 30 year loan, a home of this value would be still be considered affordable for a low-income family, although a barrier to homeownership is typically a down payment and the ongoing cost of home ownership, including taxes and insurance. The average monthly rental payment in low-income tracts in 2015 was \$582, which is less affordable than the monthly mortgage payment of \$450 for a \$110,507 home for 30 years at a 4.54% interest rate. However, lenders are also required to consider ongoing expenses associated with homeownership, such as property taxes and homeowners insurance, which may make homeownership less affordable. In addition, 49.1% of families in low-income tracts have incomes below the poverty level, which may make it difficult to qualify for a loan.

Housing in moderate-income census tracts accounts for 33.0% of the total housing stock in the assessment area. In these census tracts, 60.5% of the housing units are owner-occupied, 28.2% are rental units, and 11.2% are vacant. The median age of housing stock in these tracts is 38 years and the median housing value in moderate-income tracts for the assessment area in 2010 was \$82,008. By 2015, this number had increased to \$82,162, which is a 0.2% increase. Using the 2018 income level for assessment area families, and assuming an average mortgage payment equal to 28% of gross income for a 4.54% fixed-rate, 30 year loan, a home of this value would be affordable for a moderate-income family, although a barrier to homeownership is typically a down payment and the ongoing cost of home ownership, including taxes and insurance. The average monthly rental payment in moderate-income census tracts is \$610, which is less affordable than the monthly mortgage payment of \$334.61 for an \$82,162 home for 30 years at a 4.54% interest rate. However, 31.1 % of families in moderate-income tracts have incomes below the poverty level, which may make it difficult to qualify for a loan.

A large portion of the housing stock in the assessment area, at 26.9%, is in middle-income tracts. In these census tracts, 53.3% of the housing units are owner-occupied, 36.8% are rental units, and 9.9% are vacant. The median age of housing stock in these tracts is 39 years and 25.2% of families in middle-income tracts have incomes below the poverty level. The median housing value in middle-income tracts for the Las Cruces, NM MSA assessment area in 2010 was \$119,840. By 2015, this number had increased to \$135,692, which is a 13.2% increase.

Approximately 33.0% of the housing stock in the assessment area is in upper-income tracts. In these census tracts, 65.3% of the housing units are owner-occupied, 24.3% are rental units, and 10.5% are vacant. The median age of housing stock in these tracts is 25 years and only 12.5% of families in upper-income tracts have incomes below the poverty level. In addition, the median housing value in upper-income census tracts for

Las Cruces NM, MSA Assessment Area

the assessment area in 2010 was \$193,168. By 2015, this number had decreased to \$188,717, which is a 2.3% decrease.

Employment and Economic Conditions

The national average unemployment rates for 2017 and 2018 were 4.4% and 3.9%. Unemployment rates for all of the counties in the assessment area were higher than the annual unemployment rates for New Mexico and the national average. According to the 2010 Census, the unemployment rate was 14.5% in low-income tracts and 9.3% in moderate-income tracts. By 2015, the estimated unemployment rate had increased to 18.7% and 14.3% in low- and moderate-income tracts, respectively. The high unemployment rates in low- and moderate-income census tracts could affect loan demand from these areas.

The following chart shows unemployment rates relevant to the assessment area for 2017 and 2018.

<b>Annual Average Unemployment Rate</b>		
<b>AREA</b>	<b>2017</b>	<b>2018</b>
Assessment Area	6.5%	5.7%
State of New Mexico	5.9%	4.9%
United States	4.4%	3.9%

The economy in the Las Cruces, NM MSA assessment area draws from agriculture, commerce, education, and defense/aerospace. Federal, State, and local government are the main source of jobs in the area and include New Mexico State University, which is the city's largest employer, and White Sands Missile Range, the Department of Defense's largest open-air range. Manufacturing and commerce businesses are attracted to the area to take advantage of the proximity to Mexican factories, which are approximately 40 miles south across the US border. Other major employers include Las Cruces Public Schools, City of Las Cruces, Memorial Medical Center, and Wal-Mart.

Community Contacts and Community Development Opportunities

Contact was made with one organization that specializes in economic development in the Las Cruces, NM MSA assessment area. The contact highlighted the need for financial institutions to lend to new or startup businesses. This often entails lending to high-risk borrowers, such as individuals with past credit issues or high-risk industries, however, according to the contact, the majority of the emerging businesses in the assessment area fall into this category.

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Key Assessment Area Demographics

The following tables detail selected characteristics of the assessment area.

NM - Las Cruces MSA 2016 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	4	9.8	3,783	7.6	1,517	40.1	12,552	25.1
Moderate-Income	16	39.0	16,631	33.2	5,177	31.1	8,281	16.6
Middle-Income	7	17.1	8,665	17.3	1,393	16.1	8,139	16.3
Upper-Income	14	34.1	20,941	41.9	1,953	9.3	21,048	42.1
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>41</b>	<b>100.0</b>	<b>50,020</b>	<b>100.0</b>	<b>10,040</b>	<b>20.1</b>	<b>50,020</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied		Rental		Vacant		
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	7,328	2,155	4.6	29.4	4,362	59.5	811	11.1
Moderate-Income	25,288	14,879	31.6	58.8	7,547	29.8	2,862	11.3
Middle-Income	13,743	8,495	18.1	61.8	3,796	27.6	1,452	10.6
Upper-Income	33,071	21,486	45.7	65.0	9,028	27.3	2,557	7.7
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>79,430</b>	<b>47,015</b>	<b>100.0</b>	<b>59.2</b>	<b>24,733</b>	<b>31.1</b>	<b>7,682</b>	<b>9.7</b>
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	518	9.6	469	9.6	45	9.7	4	8.9
Moderate-Income	1,495	27.8	1,335	27.4	144	31.0	16	35.6
Middle-Income	934	17.4	813	16.7	113	24.3	8	17.8
Upper-Income	2,432	45.2	2,252	46.3	163	35.1	17	37.8
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,379</b>	<b>100.0</b>	<b>4,869</b>	<b>100.0</b>	<b>465</b>	<b>100.0</b>	<b>45</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			90.5		8.6		0.8	
	Total Farms by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	5	2.5	5	2.9	0	0.0	0	0.0
Moderate-Income	94	47.7	75	43.1	19	82.6	0	0.0
Middle-Income	21	10.7	21	12.1	0	0.0	0	0.0
Upper-Income	77	39.1	73	42.0	4	17.4	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>197</b>	<b>100.0</b>	<b>174</b>	<b>100.0</b>	<b>23</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			88.3		11.7		0.0	

Based on 2016 Dun & Bradstreet information according to 2010 ACS.

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NM - Las Cruces MSA								
2017 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	3	7.3	3,021	5.8	1,484	49.1	12,988	25.1
Moderate-Income	16	39.0	18,140	35.0	5,650	31.1	8,056	15.6
Middle-Income	13	31.7	13,787	26.6	2,889	21.0	8,767	16.9
Upper-Income	9	22.0	16,833	32.5	1,435	8.5	21,970	42.4
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>41</b>	<b>100.0</b>	<b>51,781</b>	<b>100.0</b>	<b>11,458</b>	<b>22.1</b>	<b>51,781</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	5,924	1,768	3.6	29.8	3,551	59.9	605	10.2
Moderate-Income	27,608	16,708	34.5	60.5	7,795	28.2	3,105	11.2
Middle-Income	22,506	11,995	24.8	53.3	8,280	36.8	2,231	9.9
Upper-Income	27,548	17,974	37.1	65.2	6,691	24.3	2,883	10.5
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>83,586</b>	<b>48,445</b>	<b>100.0</b>	<b>58.0</b>	<b>26,317</b>	<b>31.5</b>	<b>8,824</b>	<b>10.6</b>
	Total Businesses by Tract	Businesses By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	368	7.5	326	7.4	37	8.1	5	10.6
Moderate-Income	1,805	36.8	1,569	35.7	219	47.7	17	36.2
Middle-Income	1,170	23.9	1,061	24.1	96	20.9	13	27.7
Upper-Income	1,560	31.8	1,441	32.8	107	23.3	12	25.5
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>4,903</b>	<b>100.0</b>	<b>4,397</b>	<b>100.0</b>	<b>459</b>	<b>100.0</b>	<b>47</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			89.7		9.4		1.0	
	Total Farms by Tract	Farms By Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-Income	3	1.6	3	1.9	0	0.0	0	0.0
Moderate-Income	80	43.7	61	38.6	19	76.0	0	0.0
Middle-Income	45	24.6	43	27.2	2	8.0	0	0.0
Upper-Income	55	30.1	51	32.3	4	16.0	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>183</b>	<b>100.0</b>	<b>158</b>	<b>100.0</b>	<b>25</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			86.3		13.7		0.0	

Based on 2017 Dun & Bradstreet information according to 2015 ACS.

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NM - Las Cruces MSA								
2018 AA Demographics								
Income Categories	Tract Distribution		Families By Tract Income		Families < Poverty Level as a % of Families by Tract		Families By Family Income	
	#	%	#	%	#	%	#	%
Low-Income	3	7.3	3,021	5.8	1,484	49.1	12,988	25.1
Moderate-Income	16	39.0	18,140	35.0	5,650	31.1	8,056	15.6
Middle-Income	13	31.7	13,787	26.6	2,889	21.0	8,767	16.9
Upper-Income	9	22.0	16,833	32.5	1,435	8.5	21,970	42.4
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>41</b>	<b>100.0</b>	<b>51,781</b>	<b>100.0</b>	<b>11,458</b>	<b>22.1</b>	<b>51,781</b>	<b>100.0</b>
	Housing Units By Tract	Housing Type By Tract						
		Owner-Occupied			Rental		Vacant	
		#	% By Tract	% By Unit	#	% By Unit	#	% By Unit
Low-Income	5,924	1,768	3.6	29.8	3,551	59.9	605	10.2
Moderate-Income	27,608	16,708	34.5	60.5	7,795	28.2	3,105	11.2
Middle-Income	22,506	11,995	24.8	53.3	8,280	36.8	2,231	9.9
Upper-Income	27,548	17,974	37.1	65.2	6,691	24.3	2,883	10.5
Unknown-Income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>83,586</b>	<b>48,445</b>	<b>100.0</b>	<b>58.0</b>	<b>26,317</b>	<b>31.5</b>	<b>8,824</b>	<b>10.6</b>
	Total Businesses by Tract		Businesses By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	399	6.7	357	6.6	36	7.8	6	9.0
Moderate-Income	2,091	35.2	1,852	34.2	214	46.6	25	37.3
Middle-Income	1,441	24.3	1,324	24.5	98	21.4	19	28.4
Upper-Income	2,003	33.8	1,875	34.7	111	24.2	17	25.4
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>5,934</b>	<b>100.0</b>	<b>5,408</b>	<b>100.0</b>	<b>459</b>	<b>100.0</b>	<b>67</b>	<b>100.0</b>
<b>Percent of Total Businesses:</b>			91.1		7.7		1.1	
	Total Farms by Tract		Farms By Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-Income	3	1.4	3	1.6	0	0.0	0	0.0
Moderate-Income	88	42.1	67	36.8	21	77.8	0	0.0
Middle-Income	54	25.8	52	28.6	2	7.4	0	0.0
Upper-Income	64	30.6	60	33.0	4	14.8	0	0.0
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total AA</b>	<b>209</b>	<b>100.0</b>	<b>182</b>	<b>100.0</b>	<b>27</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percent of Total Farms:</b>			87.1		12.9		0.0	

Based on 2018 Dun & Bradstreet information according to 2015 ACS.

## **Conclusions With Respect to Performance Tests**

### **Lending Test**

The bank's lending performance in the Las Cruces NM, MSA assessment area is adequate. Lending activity reflects adequate responsiveness to assessment area credit needs. The geographic distribution of loans reflects good penetration throughout the assessment area. In addition, the distribution of borrowers reflects adequate penetration among borrowers of different income levels and businesses of different revenue sizes. Additionally, the bank makes a relatively high level of community development loans.

The bank is both a small business and HMDA lender. During the review period, the bank reported 106 (90.6%) small business loans compared to 11 (9.4%) HMDA loans in the Las Cruces NM, MSA assessment area. Therefore, small business lending was given more weight than HMDA lending in determining the bank's Lending Test rating in the assessment area.

Details of the bank's mortgage and small business lending and information regarding lending by peers in the assessment area can be found in Appendices H through J.

### Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

The bank's distribution of lending to borrowers reflects an adequate penetration among individuals of different income levels (including low- and moderate-income) and businesses of revenue different sizes. The distribution of the remainder of bank lending to middle- and upper-income borrowers did not affect conclusions about the bank's performance considering its lending to low- and moderate-income borrowers.

### HMDA Lending

HMDA lending by borrower income in the assessment area is considered poor when compared to demographic characteristics of the community, as well as the performance of aggregate HMDA lenders with loan originations or purchases in the assessment area.

The bank's HMDA lending to low-income borrowers is poor. In 2016 and 2017, the bank made no loans to low-income borrowers. Aggregate lenders originated 2.5% and 2.7% (1.0% and 1.1% by dollar volume) of HMDA loans to low-income borrowers in 2016 and 2017, respectively. Low-income families made up 25.1% of total families in the assessment area in both 2016 and 2017.

The bank's lending to moderate-income borrowers is adequate. In 2016, the bank did not originate any loans to moderate-income borrowers. In 2017, however, the bank



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originated 12.5% by number (9.4% by dollar volume) of HMDA loans to moderate-income borrowers. Aggregate lenders originated 8.6% and 11.5% by number (4.9% and 7.0% by dollar volume) of HMDA loans to moderate-income borrowers in 2016 and 2017, respectively. Moderate-income families made up 16.6% and 15.6% of total families in the assessment area in 2016 and 2017, respectively.

### Small Business Lending

Considering the bank's performance when compared to the aggregate, the borrower distribution of small business loans by revenue size of businesses is good.

In 2017, the bank originated 74.4% by number (64.9% by dollar volume) of loans to small businesses. According to D&B data, 89.7% of all businesses in the assessment area had gross revenues under \$1 million. While the bank's lending to businesses with gross revenues of \$1 million or less is lower than the demographic, it is substantially higher than aggregate CRA lenders, which originated 49.2% by number (39.9% by dollar volume) of small business loans to businesses with revenues under \$1 million.

In 2018, the bank originated 65.1% by number (51.6% by dollar volume) of loans to small businesses. The bank's performance again exceeded that of aggregate lenders at 42.0% by number (32.4% by dollar volume), but fell short of the 91.1% demographic of businesses with revenues less than \$1 million.

### Geographic Distribution of Loans

For this analysis, the geographic distribution of small business lending and HMDA lending, including both originations and purchases, was compared with available demographic information. Performance context issues and aggregate lending data were taken into consideration. Considering all of these factors, the bank's geographic distribution of loans reflects good penetration throughout the assessment area. Loans were generally made in close proximity to the bank's branches and there were no conspicuous gaps or anomalies in the lending patterns.

### HMDA Loan Geographic Distribution

The geographic distribution of HMDA loans reflects adequate penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders. During the review period, the bank originated only 11 HMDA loans. Of these, seven were home purchase loans, three were refinance loans, and one was a multifamily loan. The bank did not originate any home improvement loans in the Las Cruces NM, MSA assessment area during the review period.

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While the bank struggled to originate HMDA loans in the assessment area, the loans it originated were generally in low-, moderate-, or middle-income tracts. The bank originated only one HMDA loan in an upper-income census tract. In contrast, aggregate lenders originated a majority of HMDA loans in upper-income census tracts in both 2016 and 2017. This demonstrates the bank's efforts to lend in low- and moderate- income areas and reflects favorably on the bank's performance.

### Home Purchase Lending

Home purchase lending in low-income census tracts is poor. The bank originated no home purchase loans in these tracts in 2016 or 2017. Aggregate lenders originated 2.5% and 2.7% of home purchase loans in low-income census tracts in 2016 and 2017, respectively. Owner-occupied units account for 4.6% of the housing units located in low-income census tracts in 2016, and this decreased to 3.6% in 2017. Lending opportunities are likely limited in these census tracts due to the low percentage of owner-occupied units.

Home purchase lending in moderate-income census tracts is adequate. The bank originated no loans in these census tracts in 2016, but in 2017, the bank originated 28.6% by number (21.8% by dollar volume) of home purchase loans in moderate-income census tracts. This exceeds aggregate lenders, which originated 13.4% by number (10.0% by dollar volume) of loans in moderate-income census tracts in 2017. In 2016 and 2017, 31.6% and 34.5% of owner-occupied units were located in moderate-income census tracts, respectively.

The distribution of the remainder of bank lending in middle- and upper- income geographies did not affect conclusions about the bank's performance considering its lending in low- and moderate-income geographies.

### Home Refinance Lending

Home refinance lending in low-income census tracts is poor. While the bank originated no home refinance loans in these tracts in 2016 or 2017, aggregate lenders only originated 2.6% and 2.7% of home refinance loans in low-income census tracts in 2016 and 2017, respectively. As previously mentioned, only 4.6% of owner-occupied units were located in low-income census tracts in 2016, and this decreased to 3.6% in 2017. Lending opportunities are likely limited in these census tracts due to the low percentage of owner-occupied units.

Home refinance lending in moderate-income census tracts is adequate. The bank originated no home refinance loans in these census tracts in 2016, but the one refinance loan originated by the bank in 2017 was in a moderate-income census tract, which

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accounts for 100% of refinance loans. Aggregate lenders originated 13.8% by number (11.3% by dollar volume) of home refinance loans in moderate-income census tracts in 2016, and in 2017, 18.2% by number (14.5% by dollar volume) of refinance loans in moderate-income census tracts. Owner-occupied units account for 34.5% of housing units in moderate-income census tracts.

### Home Improvement Lending

Home improvement lending in low- and moderate-income census tracts is poor. The bank did not originate any home improvement loans during 2016 or 2017. In 2016, aggregate lenders originated 6.5% by number (3.7% by dollar volume) of home improvement loans in low-income census tracts, which is comparable to the 4.6% demographic. In 2017, home improvement loans in low-income census tracts by aggregate lenders dropped to 2.4% by number (0.6% by dollar volume), which is slightly below the 3.6% demographic.

In 2016, aggregate lenders originated 24.5% by number (16.4% by dollar volume) of home improvement loans in moderate-income census tracts, which is slightly below the 31.6% demographic. In 2017, aggregate lenders originated 32.5% by number (15.4% by dollar volume) of home improvement loans in moderate-income census tracts, which is comparable to the 34.5% demographic.

### Multifamily Lending

The bank's multifamily lending in low-income census tracts is adequate. In 2016, the bank originated one multifamily loan, which was located in a low-income census tract. This represents 100% of multifamily lending by both number and dollar volume. Aggregate lenders originated 33.3% by number (10.4% by dollar volume) of multifamily loans in low-income census tracts, which exceeds the 24.5% demographic. In 2017, the bank did not originate any multifamily loans. Aggregate lenders originated 22.2% by number (2.8% by dollar volume) of multifamily loans in low-income census tracts, which is slightly higher than the 19.1% demographic.

The bank's multifamily lending in moderate-income census tracts is poor. No multifamily loans were originated in moderate-income census tracts, in 2016 or 2017. Aggregate lenders originated 20.0% and 11.1% by number (33.5% and 3.1% by dollar volume) of multifamily lending in moderate-income census tracts in 2016 and 2017, respectively. The demographic of percent of multifamily units was 18.9% and 11.5% in 2016 and 2017, respectively.

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Small Business Loan Geographic Distribution

The geographic distribution of small business loans reflects good penetration throughout the assessment area. This was based on performance compared to demographics, taking into consideration the performance of the aggregate lenders.

The bank's lending to small businesses located in low-income census tracts is excellent. In 2017, the bank originated 12.8% by number (14.4% by dollar) of small business loans to businesses located in low-income census tracts. This far surpasses that of aggregate lenders, which originated 5.7% by number (6.8% by dollar volume) of small business loans to small businesses in low-income census tracts. Additionally, the bank's lending exceeded the 7.5% demographic of small businesses located in low-income census tracts in 2017. In 2018, the bank originated 9.3% by number (3.8% by dollar volume) of small business loans to businesses in low-income census tracts. Aggregate lenders originated 5.7% by number (6.1% by dollar volume) of small business loans to businesses in low-income census tracts, and 6.7% of small businesses were located in in low-income census tracts.

The bank's lending to small business located in moderate-income census tracts is good. In 2017, the bank originated 23.1% by number (19.3% by dollar volume) of small business loans to businesses in moderate-income census tracts. This is below aggregate lender at 34.6% by number (34.8% by dollar volume) and below the 36.8% demographic. In 2018, the bank originated 34.9% by number (48.0% by dollar volume) of business loans to businesses located in moderate-income census tracts. This is comparable to aggregate lenders at 34.5% by number (31.7% by dollar volume) and the 35.2% demographic.

The bank's small business lending in middle- and upper-income tracts was similar to the percentage of small businesses in these tracts. When compared to aggregate lenders by percentage, the bank generally originated a similar percent of [Click here to enter text](#).loans in middle- and upper-income tracts in 2017 and 2018 as the aggregate.

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Community Development Lending

The bank makes a relatively high level of community development loans in the assessment area. During the review period, the bank originated two community development loans in the Las Cruces, NM MSA assessment totaling over \$22 million. The table below provides the breakdown of the types of community development loans the bank originated during the review period.

<b>Community Development Lending</b>		
<b>Purpose</b>	<b>#</b>	<b>\$000s</b>
Affordable Housing	1	938
Community Services	0	0
Economic Development	1	21,220
Revitalization and Stabilization	0	0
Totals	2	22,158

The bank made one affordable housing loan in the assessment area. In addition, the bank made a large SBA loan to a business for economic development purposes. This loan provided jobs in the assessment area and was supported by New Mexico’s Local Economic Development Act. The bank’s community development lending shows excellent responsiveness to meeting the community needs.

**Investment Test**

The bank has a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors and is occasionally in a leadership position. The bank’s investments were primarily focused in affordable housing.

In addition to qualified investments, the bank made approximately ten thousand dollars in donations to nonprofit and community organizations that serve or otherwise benefit low- and moderate-income individuals and geographies.

In the previous performance evaluation, the bank did not have any qualified investments in the Las Cruces NM, MSA assessment area (although the bank made approximately \$33 thousand in qualified donations). During the current review period, the total amount of investments and contributions in the assessment area increased substantially to approximately \$5.1 million. The table below reflects the qualified investments and donations in the assessment area.

Las Cruces NM, MSA Assessment Area

Purpose	Current Period Investments		Donations		Total	
	#	\$000s	#	\$000s	#	\$000s
Affordable Housing	3	\$5,070	0	\$0	3	5,070
Community Services	0	\$0	18	\$10	18	10
Economic Development	0	\$0	0	\$0	0	0
Revitalization and Stabilization	0	\$0	0	\$0	0	0
Total	3	\$5,070	18	\$10	21	5,080

**Service Test**

The bank’s retail and community development services reflect good responsiveness to the needs of the assessment area. The bank’s delivery systems are reasonably available to all portions of the assessment area. The assessment area contains no conspicuous gaps in distribution of services. Branch hours are reasonable and services are available to the low- and moderate-income census tracts within the assessment area. The bank provides an adequate number of community development services. Bank employees actively support organizations dedicated to community development initiatives.

Retail Services

The bank’s delivery systems are reasonably accessible to the bank’s geographies and individuals of different income levels in its assessment area. The table below summarizes the bank’s retail locations in the Las Cruces, NM MSA assessment area.

Tract Income	% of Geographies	% of Population	Branches		Full Service ATMs	
			#	%	#	%
Low	7.3	7.7	0	0.0	0	0.0
Moderate	39.0	36.0	0	0.0	0	0.0
Middle	31.7	26.4	1	100.0	1	100.0
Upper	22.0	29.8	0	0.0	0	0.0
Unknown	0.0	0.0	0	0.0	0	0.0
Total	100.0	100.0	1	100.0	1	100.0

The bank did not open or close any branches in the assessment area during the review period. The bank’s record of opening or closing branches has not adversely affected the

Las Cruces NM, MSA Assessment Area

accessibility of its delivery systems, including to LMI income geographies. Banking services and hours of operations do not vary in a way that inconveniences the assessment area, particularly in low- or moderate-income geographies or to low- or moderate-income individuals. The level of branch services and hours offered are basically the same throughout the assessment area.

Community Development Services

The bank provides an adequate level of community development services in the assessment area. The bank's employees served in many various capacities, including boards of directors and as trustees, for 25 community development financial organizations offering community development services that focused on community services and economic development that aided LMI individuals. Total hours served during the review period was approximately 661 hours. The table on the following page shows the number of hours by type of involvement.

<b>Purpose</b>	<b>Hours Served</b>
Affordable Housing	0
Benefits LMI Individuals/Geographies	589
Revitalize/Stabilize	0
Provides Economic Development	72
Total	661

## Appendices

### Appendix A – Scope of Examination

SCOPE OF EXAMINATION		
<b>Time Period Reviewed</b>		
Lending Test: January 1, 2016 to December 31, 2018 <sup>1</sup> Community Development Loans, Investment Test, and Service Tests: March 27, 2017 to February 24, 2020		
<b>Financial Institution</b>		<b>Products Reviewed</b>
WestStar Bank El Paso, Texas		CRA and HMDA Reportable Community Development Loans
<b>Affiliates</b>		<b>Affiliate Relationship</b> <b>Products Reviewed</b>
WestStar Insurance Agency, INC		Subsidiary      None
WestStar Title, LLC		Subsidiary      None
WestStar Tower, LLC		Subsidiary      None

List of Assessment Areas			
Assessment Area	Type of Examination	Branches Visited	Other Information
<b>Texas</b>  • El Paso County	Full	Downtown Branch 500 N. Mesa El Paso, TX 79901	HMDA lending data for WestStar and aggregate lenders could not be evaluated for 2018.
<b>New Mexico</b>  • Las Cruces, NM MSA	Full	0	HMDA lending data for WestStar and aggregate lenders could not be evaluated for 2018.

<sup>1</sup> 2018 HMDA data was not reviewed due to technical issues with the data.



Note: Branches Visited indicates where technical compliance with the CRA (signs, public file, etc.) was confirmed. The evaluation of the institution's CRA performance takes into consideration activity from all branch locations, as described in the Scope of Examination.

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Appendix B – Summary of Ratings

<b>Summary of Ratings</b>				
<b>State</b>	<b>Lending Test Rating</b>	<b>Investment Test Rating</b>	<b>Service Test Rating</b>	<b>Overall Rating</b>
Texas	Outstanding	Outstanding	High Satisfactory	Outstanding
New Mexico	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory

Appendix C – General Information

**Acronyms:**

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LIHTC	Low Income Housing Tax Credit
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit Ratio
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OCC	Office of the Comptroller of the Currency
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

**Rounding Convention:** Because the percentages in the tables were rounded to the nearest tenth in most cases, some columns may not total exactly to 100 percent.

## Appendix D - 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.

**Census tract:** A small, relatively permanent statistical subdivision of a county. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts average about 4,000 inhabitants, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to the population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** All Agencies have adopted the following language:

1. Affordable housing (including multi-family rental housing) for low- or moderate-income individuals.
2. Community services targeted to low- or moderate-income individuals.
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less.
4. Activities that revitalize or stabilize –
  - a. Low- or moderate-income geographies.
  - b. Designated disaster areas.
  - c. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
    - i. Rates of poverty, unemployment, and population loss.
    - ii. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.
5. Loans, investments, and services by financial institutions that-
  - a. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP).
  - b. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees.

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- c. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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.

**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, which 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).

**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 income of the applicants; the amount of loan requested; and the disposition of the application (for example, approved, denied, or withdrawn).

**Home mortgage loans:** Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes, and refinancing of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

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

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

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 percent 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 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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 qualified investment is defined as any 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.

**Small loan(s) to business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

**Small loan(s) to farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Call Report. These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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

Appendix E – El Paso County Assessment Area Loan Tables - 2016

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders



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Distribution of 2016 HMDA Loans by Income Level of Geography TX - El Paso County Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	0.5	0.2	1.7
Moderate	18	1,510	16.8	9.3	17.1	14.1	28.4
Middle	41	6,571	38.3	40.3	38.1	34.7	31.6
Upper	48	8,208	44.9	50.4	44.4	50.9	38.3
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	107	16,289	100.0	100.0	100.0	100.0	100.0
<b>Home Refinance Loans</b>							
Low	0	0	0.0	0.0	0.4	0.2	1.7
Moderate	4	545	16.0	10.0	13.8	10.6	28.4
Middle	5	1,141	20.0	20.9	35.6	32.2	31.6
Upper	16	3,775	64.0	69.1	50.2	57.0	38.3
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	25	5,461	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	1	57	11.1	4.1	1.1	0.9	1.7
Moderate	0	0	0.0	0.0	23.1	18.6	28.4
Middle	5	480	55.6	34.3	30.8	28.5	31.6
Upper	3	861	33.3	61.6	45.0	52.0	38.3
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	9	1,398	100.0	100.0	100.0	100.0	100.0
<b>Multifamily Loans</b>							<b>% of MF Units<sup>2</sup></b>
Low	1	380	11.1	9.8	16.3	1.8	11.9
Moderate	4	533	44.4	13.8	34.9	42.4	34.0
Middle	4	2,961	44.4	76.4	30.2	32.2	28.7
Upper	0	0	0.0	0.0	18.6	23.6	25.4
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	9	3,874	100.0	100.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	2	437	1.3	1.6	0.5	0.3	1.7
Moderate	26	2,588	17.3	9.6	16.7	14.7	28.4
Middle	55	11,153	36.7	41.3	36.7	33.7	31.6
Upper	67	12,844	44.7	47.5	46.1	51.2	38.3
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	150	27,022	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2016 FFIEC census tract designations. <sup>3</sup> Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate. (NOTE: Total percentages may vary due to automated rounding differences.)							

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Distribution of 2016 Business Loans by Income Level of Geography TX - El Paso County Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	43	7,991	6.9	5.8	6.2	5.9	6.8
Moderate	216	51,151	34.6	37.2	28.6	31.9	28.9
Middle	146	32,772	23.4	23.8	27.3	24.3	27.2
Upper	217	44,371	34.8	32.2	37.5	37.2	36.6
Unknown <sup>3</sup>	2	1,350	0.3	1.0	0.4	0.7	0.5
Total	624	137,635	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2016 Dun & Bradstreet Data and 2016 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.3% by number and 1.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

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Distribution of 2016 HMDA Loans by Borrower Income Levels TX - El Paso County Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	3	141	2.8	0.9	2.4	1.2	23.5
Moderate	11	844	10.3	5.2	11.3	7.3	17.0
Middle	28	3,842	26.2	23.6	21.5	18.5	17.8
Upper	55	9,611	51.4	59.0	47.4	57.8	41.7
Unknown	10	1,851	9.3	11.4	17.4	15.3	0.0
Total	107	16,289	100.0	100.0	100.0	100.0	100.0
<b>Refinanced Loans</b>							
Low	1	12	4.0	0.2	2.7	1.4	23.5
Moderate	2	232	8.0	4.2	6.5	3.4	17.0
Middle	1	170	4.0	3.1	10.4	6.8	17.8
Upper	15	2,399	60.0	43.9	39.9	41.3	41.7
Unknown	6	2,648	24.0	48.5	40.5	47.2	0.0
Total	25	5,461	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	1	60	11.1	4.3	4.5	3.5	23.5
Moderate	0	0	0.0	0.0	12.2	10.5	17.0
Middle	0	0	0.0	0.0	19.2	15.4	17.8
Upper	5	480	55.6	34.3	62.2	63.9	41.7
Unknown	3	858	33.3	61.4	1.8	6.7	0.0
Total	9	1,398	100.0	100.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	5	213	3.3	0.8	2.6	1.2	23.5
Moderate	13	1,076	8.7	4.0	9.9	5.9	17.0
Middle	29	4,012	19.3	14.8	18.0	14.2	17.8
Upper	75	12,490	50.0	46.2	46.3	50.2	41.7
Unknown	28	9,231	18.7	34.2	23.2	28.6	0.0
Total	150	27,022	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of families is based on 2010 ACS 5-year estimates. (NOTE: Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.)							

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Distribution of 2016 Business Loans by Revenue Size TX - El Paso County Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	341	63,477	54.6	46.1	38.3	29.1	91.3
Over \$1MM	259	70,628	41.5	51.3	Not Reported		8.1
Not Known	24	3,530	3.8	2.6			0.6
Total	624	137,635	100.0	100.0			100.0

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2016 Dun & Bradstreet Data.

(NOTE: Total percentages may vary due to automated rounding differences.)

Appendix F – El Paso County Assessment Area Loan Tables - 2017

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

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Distribution of 2017 HMDA Loans by Income Level of Geography TX - El Paso County Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	2	227	0.7	0.4	0.5	0.3	1.8
Moderate	38	3,492	13.2	6.3	12.3	9.8	24.7
Middle	35	8,339	12.2	14.9	29.2	24.1	33.2
Upper	213	43,760	74.0	78.4	58.0	65.8	40.2
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	288	55,818	100.0	100.0	100.0	100.0	100.0
<b>Home Refinance Loans</b>							
Low	0	0	0.0	0.0	0.6	0.4	1.8
Moderate	1	263	6.7	5.3	10.5	7.2	24.7
Middle	4	2,061	26.7	41.8	31.7	25.8	33.2
Upper	10	2,610	66.7	52.9	57.2	66.6	40.2
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	15	4,934	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	1.4	0.7	1.8
Moderate	1	162	11.1	20.1	18.9	16.6	24.7
Middle	3	244	33.3	30.2	32.0	32.4	33.2
Upper	5	401	55.6	49.7	47.8	50.2	40.2
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	9	807	100.0	100.0	100.0	100.0	100.0
<b>Multifamily Loans</b>							<b>% of MF Units<sup>2</sup></b>
Low	1	470	16.7	2.0	17.9	5.8	12.3
Moderate	3	684	50.0	3.0	25.6	13.2	32.8
Middle	1	2,540	16.7	11.0	43.6	50.1	31.3
Upper	1	19,400	16.7	84.0	12.8	30.9	23.6
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	6	23,094	100.0	100.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	3	697	0.9	0.8	0.6	0.9	1.8
Moderate	43	4,601	13.5	5.4	12.5	9.8	24.7
Middle	43	13,184	13.5	15.6	30.1	27.3	33.2
Upper	229	66,171	72.0	78.2	56.8	62.0	40.2
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	318	84,653	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.  
<sup>2</sup> The percentage of owner-occupied housing units and multifamily structures by tract is based on 2015 ACS 5-year estimates and 2017 FFIEC census tract designations.  
<sup>3</sup> Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.  
(NOTE: Total percentages may vary due to automated rounding differences.)

Appendices

Distribution of 2017 Business Loans by Income Level of Geography TX - El Paso County Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	47	11,661	6.9	8.0	6.2	6.5	7.4
Moderate	226	56,255	33.2	38.4	28.1	27.3	28.2
Middle	180	35,840	26.4	24.4	29.7	30.5	30.8
Upper	226	42,193	33.2	28.8	34.5	32.9	33.1
Unknown <sup>3</sup>	2	650	0.3	0.4	0.4	1.8	0.5
Total	681	146,599	100.0	100.0	98.9	99.0	100.0

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2017 Dun & Bradstreet Data and 2017 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.3% by number and 0.4% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

Appendices

Distribution of 2017 HMDA Loans by Borrower Income Levels TX - El Paso County Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	15	605	5.2	1.1	2.4	1.0	22.3
Moderate	16	1,266	5.6	2.3	12.0	7.1	17.4
Middle	54	8,193	18.8	14.7	22.9	18.7	19.1
Upper	187	42,166	64.9	75.5	48.8	60.6	41.2
Unknown	16	3,588	5.6	6.4	13.9	12.7	0.0
Total	288	55,818	100.0	100.0	100.0	100.0	100.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	2.8	1.4	22.3
Moderate	0	0	0.0	0.0	8.5	4.9	17.4
Middle	1	263	6.7	5.3	13.7	9.6	19.1
Upper	7	1,660	46.7	33.6	43.4	47.9	41.2
Unknown	7	3,011	46.7	61.0	31.5	36.3	0.0
Total	15	4,934	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	4.3	2.9	22.3
Moderate	0	0	0.0	0.0	9.1	7.7	17.4
Middle	1	116	11.1	14.4	20.1	19.1	19.1
Upper	6	421	66.7	52.2	65.6	67.5	41.2
Unknown	2	270	22.2	33.5	0.9	2.8	0.0
Total	9	807	100.0	100.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	15	605	4.7	0.7	2.7	1.0	22.3
Moderate	16	1,266	5.0	1.5	10.9	5.9	17.4
Middle	56	8,572	17.6	10.1	20.4	14.9	19.1
Upper	200	44,247	62.9	52.3	48.9	51.9	41.2
Unknown	31	29,963	9.7	35.4	17.2	26.3	0.0
Total	318	84,653	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of families is based on 2015 ACS 5-year estimates. (NOTE: Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.)							



Appendices

Distribution of 2017 Business Loans by Revenue Size TX - El Paso County Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	369	66,488	54.2	45.4	44.2	32.6	90.6
Over \$1MM	280	76,321	41.1	52.1	Not Reported		8.8
Not Known	32	3,790	4.7	2.6			0.6
Total	681	146,599	100.0	100.0			100.0

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2017 Dun & Bradstreet Data.

(NOTE: Total percentages may vary due to automated rounding differences.)

**Appendix G – El Paso County Assessment Area Loan Tables - 2018**

The assessment area loan tables appear in the following order:

1. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
2. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

Distribution of 2018 Business Loans by Income Level of Geography TX - El Paso County Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	48	10,547	7.3	6.3	5.6	5.7	7.2
Moderate	236	64,823	35.6	39.0	28.7	28.9	27.3
Middle	170	38,863	25.7	23.4	28.9	31.2	31.1
Upper	206	51,515	31.1	31.0	35.5	32.7	34.1
Unknown <sup>3</sup>	2	650	0.3	0.4	0.3	0.6	0.5
Total	662	166,398	100.0	100.0	99.1	99.1	100.0

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2018 Dun & Bradstreet Data and 2018 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.3% by number and 0.4% by dollar. Only includes loans with no tract location reported.  
(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2018 Business Loans by Revenue Size TX - El Paso County Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	376	78,816	56.8	47.4	42.6	32.4	91.8
Over \$1MM	258	82,665	39.0	49.7	Not Reported		7.4
Not Known	28	4,917	4.2	3.0			0.8
Total	662	166,398	100.0	100.0			100.0

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2018 Dun & Bradstreet Data.  
(NOTE: Total percentages may vary due to automated rounding differences.)

Appendix H – Las Cruces, MN MSA Assessment Area Loan Tables – 2016

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

Appendices

Distribution of 2016 HMDA Loans by Income Level of Geography NM - Las Cruces MSA Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	2.5	1.7	4.6
Moderate	0	0	0.0	0.0	11.8	9.3	31.6
Middle	0	0	0.0	0.0	22.5	19.6	18.1
Upper	0	0	0.0	0.0	63.2	69.3	45.7
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Home Refinance Loans</b>							
Low	0	0	0.0	0.0	2.6	1.8	4.6
Moderate	0	0	0.0	0.0	13.8	11.3	31.6
Middle	1	9,417	50.0	97.8	18.0	15.4	18.1
Upper	1	209	50.0	2.2	65.6	71.5	45.7
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	2	9,626	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	6.5	3.7	4.6
Moderate	0	0	0.0	0.0	24.5	16.4	31.6
Middle	0	0	0.0	0.0	16.2	12.4	18.1
Upper	0	0	0.0	0.0	52.8	67.5	45.7
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Multifamily Loans</b>							<b>% of MF Units<sup>2</sup></b>
Low	1	408	100.0	100.0	33.3	10.4	24.5
Moderate	0	0	0.0	0.0	20.0	33.5	18.9
Middle	0	0	0.0	0.0	6.7	8.2	6.9
Upper	0	0	0.0	0.0	40.0	47.8	49.8
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	1	408	100.0	100.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	1	408	33.3	4.1	2.8	2.2	4.6
Moderate	0	0	0.0	0.0	13.1	11.2	31.6
Middle	1	9,417	33.3	93.9	20.6	17.5	18.1
Upper	1	209	33.3	2.1	63.5	69.1	45.7
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	3	10,034	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers.  
<sup>2</sup> The percentage of owner-occupied housing units and multifamily structures by tract is based on 2010 ACS 5-year estimates and 2016 FFIEC census tract designations.  
<sup>3</sup> Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate.  
(NOTE: Total percentages may vary due to automated rounding differences.)

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Distribution of 2016 Business Loans by Income Level of Geography NM - Las Cruces MSA Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	2	340	8.3	3.6	6.9	7.1	9.6
Moderate	5	1,087	20.8	11.5	27.3	25.8	27.8
Middle	3	1,188	12.5	12.6	17.2	16.7	17.4
Upper	14	6,826	58.3	72.3	48.6	50.4	45.2
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	24	9,441	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2016 Dun & Bradstreet Data and 2016 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

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Distribution of 2016 HMDA Loans by Borrower Income Levels NM - Las Cruces MSA Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	2.3	1.0	25.1
Moderate	0	0	0.0	0.0	10.8	6.3	16.6
Middle	0	0	0.0	0.0	22.8	18.4	16.3
Upper	0	0	0.0	0.0	49.6	58.9	42.1
Unknown	0	0	0.0	0.0	14.6	15.4	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	2.6	1.2	25.1
Moderate	0	0	0.0	0.0	5.3	3.2	16.6
Middle	1	209	50.0	2.2	12.5	9.4	16.3
Upper	0	0	0.0	0.0	44.9	49.6	42.1
Unknown	1	9,417	50.0	97.8	34.6	36.7	0.0
Total	2	9,626	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	5.6	1.2	25.1
Moderate	0	0	0.0	0.0	5.6	6.1	16.6
Middle	0	0	0.0	0.0	17.6	14.2	16.3
Upper	0	0	0.0	0.0	57.9	70.5	42.1
Unknown	0	0	0.0	0.0	13.4	8.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	2.5	1.0	25.1
Moderate	0	0	0.0	0.0	8.6	4.9	16.6
Middle	1	209	33.3	2.1	18.9	14.2	16.3
Upper	0	0	0.0	0.0	48.1	53.0	42.1
Unknown	2	9,825	66.7	97.9	22.0	26.8	0.0
Total	3	10,034	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of families is based on 2010 ACS 5-year estimates. (NOTE: Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.)							

Appendices

Distribution of 2016 Business Loans by Revenue Size NM - Las Cruces MSA Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	13	4,579	54.2	48.5	45.5	37.0	90.5
Over \$1MM	10	3,955	41.7	41.9	Not Reported		8.6
Not Known	1	907	4.2	9.6			0.8
Total	24	9,441	100.0	100.0			100.0

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2016 Dun & Bradstreet Data.

(NOTE: Total percentages may vary due to automated rounding differences.)

Appendix I – Las Cruces, MN MSA Assessment Area Loan Tables – 2017

The assessment area loan tables appear in the following order:

1. Geographic Distribution of HMDA Loans for the bank and aggregate lenders
2. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
3. Borrower Profile of HMDA Loans for the bank and aggregate lenders
4. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders



Appendices

Distribution of 2017 HMDA Loans by Income Level of Geography NM - Las Cruces MSA Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Owner Occupied Units <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	2.7	2.1	3.6
Moderate	2	329	28.6	21.8	13.4	10.0	34.5
Middle	5	1,180	71.4	78.2	33.5	31.7	24.8
Upper	0	0	0.0	0.0	50.4	56.2	37.1
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	7	1,509	100.0	100.0	100.0	100.0	100.0
<b>Home Refinance Loans</b>							
Low	0	0	0.0	0.0	2.7	2.1	3.6
Moderate	1	228	100.0	100.0	18.2	14.5	34.5
Middle	0	0	0.0	0.0	25.5	23.7	24.8
Upper	0	0	0.0	0.0	53.6	59.7	37.1
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	1	228	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	2.4	0.6	3.6
Moderate	0	0	0.0	0.0	32.5	15.4	34.5
Middle	0	0	0.0	0.0	21.1	17.1	24.8
Upper	0	0	0.0	0.0	44.0	66.8	37.1
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Multifamily Loans</b>							<b>% of MF Units<sup>2</sup></b>
Low	0	0	0.0	0.0	22.2	2.8	19.1
Moderate	0	0	0.0	0.0	11.1	3.1	11.5
Middle	0	0	0.0	0.0	44.4	9.0	34.6
Upper	0	0	0.0	0.0	22.2	85.0	34.8
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	2.7	2.1	3.6
Moderate	3	557	37.5	32.1	15.4	11.1	34.5
Middle	5	1,180	62.5	67.9	30.8	28.8	24.8
Upper	0	0	0.0	0.0	51.0	58.0	37.1
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	8	1,737	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of owner-occupied housing units and multifamily structures by tract is based on 2015 ACS 5-year estimates and 2017 FFIEC census tract designations. <sup>3</sup> Only includes loans with unreported geocode information. Does not include loans in tracts where the income category is 'unknown', which is 0.0% for the bank and 0.0% for aggregate. (NOTE: Total percentages may vary due to automated rounding differences.)							

Appendices

Distribution of 2017 Business Loans by Income Level of Geography NM - Las Cruces MSA Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	5	1,110	12.8	14.4	5.7	6.8	7.5
Moderate	9	1,490	23.1	19.3	34.6	34.8	36.8
Middle	9	2,382	23.1	30.9	22.4	23.4	23.9
Upper	16	2,728	41.0	35.4	33.6	31.4	31.8
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
Total	39	7,710	100.0	100.0	96.3	96.5	100.0

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2017 Dun & Bradstreet Data and 2015 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.

(NOTE: Total percentages may vary due to automated rounding differences.)

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Distribution of 2017 HMDA Loans by Borrower Income Levels NM - Las Cruces MSA Assessment Area							
Borrow Income Level	Bank Loans				Aggregate HMDA Data <sup>1</sup>		% of Families <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
<b>Home Purchase Loans</b>							
Low	0	0	0.0	0.0	2.4	1.0	25.1
Moderate	1	164	14.3	10.9	12.3	7.7	15.6
Middle	0	0	0.0	0.0	21.0	17.2	16.9
Upper	5	845	71.4	56.0	49.3	58.6	42.4
Unknown	1	500	14.3	33.1	15.0	15.5	0.0
Total	7	1,509	100.0	100.0	100.0	100.0	100.0
<b>Refinanced Loans</b>							
Low	0	0	0.0	0.0	3.0	1.5	25.1
Moderate	0	0	0.0	0.0	9.5	5.8	15.6
Middle	0	0	0.0	0.0	15.4	12.1	16.9
Upper	1	228	100.0	100.0	46.8	50.0	42.4
Unknown	0	0	0.0	0.0	25.3	30.5	0.0
Total	1	228	100.0	100.0	100.0	100.0	100.0
<b>Home Improvement Loans</b>							
Low	0	0	0.0	0.0	7.2	0.9	25.1
Moderate	0	0	0.0	0.0	14.5	7.1	15.6
Middle	0	0	0.0	0.0	18.1	11.9	16.9
Upper	0	0	0.0	0.0	54.8	74.9	42.4
Unknown	0	0	0.0	0.0	5.4	5.2	0.0
Total	0	0	0.0	0.0	100.0	100.0	100.0
<b>Total Home Mortgage Loans</b>							
Low	0	0	0.0	0.0	2.7	1.1	25.1
Moderate	1	164	12.5	9.4	11.5	7.0	15.6
Middle	0	0	0.0	0.0	19.3	15.3	16.9
Upper	6	1,073	75.0	61.8	48.7	54.9	42.4
Unknown	1	500	12.5	28.8	17.7	21.7	0.0
Total	8	1,737	100.0	100.0	100.0	100.0	100.0
<sup>1</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all HMDA LAR filers. <sup>2</sup> The percentage of families is based on 2015 ACS 5-year estimates. (NOTE: Multifamily loans are not considered in the Borrower Analysis because individual incomes are not reported for such loans. Total percentages may vary due to automated rounding differences.)							

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Distribution of 2017 Business Loans by Revenue Size NM - Las Cruces MSA Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	29	5,000	74.4	64.9	49.2	39.9	89.7
Over \$1MM	10	2,710	25.6	35.1	Not Reported		9.4
Not Known	0	0	0.0	0.0			1.0
Total	39	7,710	100.0	100.0			100.0

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2017 Dun & Bradstreet Data.

(NOTE: Total percentages may vary due to automated rounding differences.)

Appendices

**Appendix J – Las Cruces, MN MSA Assessment Area Loan Tables – 2018**

The assessment area loan tables appear in the following order:

1. Geographic distribution of Small Business and Small Farm Loans for the bank and aggregate lenders
2. Borrower Profile of Small Business and Small Farm Loans for the bank and aggregate lenders

Distribution of 2018 Business Loans by Income Level of Geography NM - Las Cruces MSA Assessment Area							
Census Tract Income Level	Bank Loans				Aggregate CRA Data <sup>1</sup>		% of Businesses <sup>2</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
Low	4	433	9.3	3.8	5.7	6.1	6.7
Moderate	15	5,468	34.9	48.0	34.5	31.7	35.2
Middle	9	2,660	20.9	23.3	21.8	17.9	24.3
Upper	15	2,832	34.9	24.9	33.8	40.2	33.8
Unknown <sup>3</sup>	0	0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>43</b>	<b>11,393</b>	<b>100.0</b>	<b>100.0</b>	<b>95.9</b>	<b>95.9</b>	<b>100.0</b>

<sup>1</sup> Aggregate loan data reflects all small business loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>2</sup> The percentage of businesses by tract is based on 2018 Dun & Bradstreet Data and 2018 FFIEC census tract designations.

<sup>3</sup> Does not include loans in tracts where the income level is unknown, which is 0.0% by number and 0.0% by dollar. Only includes loans with no tract location reported.  
(NOTE: Total percentages may vary due to automated rounding differences.)

Distribution of 2018 Business Loans by Revenue Size NM - Las Cruces MSA Assessment Area							
Business Revenue by Size <sup>1</sup>	Bank Loans				Aggregate CRA Data <sup>2</sup>		% of Businesses <sup>3</sup>
	#	\$(000s)	# %	\$ %	# %	\$ %	
\$1MM or less	28	5,882	65.1	51.6	42.0	32.4	91.1
Over \$1MM	15	5,511	34.9	48.4	Not Reported		7.7
Not Known	0	0	0.0	0.0			1.1
<b>Total</b>	<b>43</b>	<b>11,393</b>	<b>100.0</b>	<b>100.0</b>			<b>100.0</b>

<sup>1</sup> This analysis focuses on the bank's lending to "small businesses" as defined by the CRA, which are those businesses with gross annual revenues of \$1 million or less.

<sup>2</sup> Aggregate loan data reflects all loan originations in the bank's AA reported by all CRA filers. CRA data reports only business loans in amounts of \$1 million or less.

<sup>3</sup> The percentage of businesses in the AA is based on 2018 Dun & Bradstreet Data.  
(NOTE: Total percentages may vary due to automated rounding differences.)

Appendices

Appendix K – Distribution of Branch Delivery System and Branch Openings and Closings

As of: December 31, 2019

Assessment Areas				Percent of Branches by Income Level of Geography				Branch Openings and Closings				Demographics						
Name	% of Deposits	# of Branches	% of Branches	Low	Mod	Mid	Upper	# of Branches Opened	# of Branches Closed	Net Change in Branch Locations				% of Population				
										Low	Mod	Mid	Upper	Low	Mod	Mid	Upper	Unk
<b>Texas</b>																		
El Paso County	96.7%	13	92.9%	15.4%	30.8%	15.4%	38.5%	0	1	0%	0%	0%	4.4%	3.9%	27.3%	34.5%	34.3%	0.0%
State 1 All Assessment Areas	96.7%	13	92.9%	15.4%	30.8%	15.4%	38.5%	0	1	0%	0%	0%	4.4%	3.9%	27.3%	34.5%	34.3%	0.0%
<b>New Mexico</b>																		
Las Cruces, NM MSA	3.3%	1	7.1%	0%	0%	100%	0%	0	0	0%	0%	0%	0%	7.7%	36.0%	26.4%	29.8%	0.0%
State 2 All Assessment Areas	3.3%	1	7.1%	0%	0%	100%	0%	0	0	0%	0%	0%	0%	7.7%	36.0%	26.4%	29.8%	0.0%
<b>All Assessment Areas</b>	<b>100%</b>	<b>14</b>	<b>100%</b>					<b>0</b>	<b>1</b>									