

PUBLIC DISCLOSURE

January 9, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Western Bank
RSSD #723653
140 East Motel Drive
Lordsburg, New Mexico 88045

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'S COMMUNITY REINVESTMENT ACT RATING

The Community Reinvestment Act (CRA) rating for Western Bank (the bank) is Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's 21-quarter average net loan-to-deposit ratio (NLTD) reflects reasonable efforts to extend credit in the delineated the assessment areas (AAs).
- A majority of the bank's loans are originated inside the AAs.
- A reasonable geographic distribution of loans occurs throughout the bank's AAs.
- A reasonable distribution among businesses of different revenue sizes.

SCOPE OF THE EVALUATION

Examiners from the Federal Reserve Bank of Dallas (Reserve Bank) utilized the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Performance was assessed within the bank's two AAs: Cochise County Metropolitan Statistical Area (MSA) AA and Hidalgo and Grant Counties Nonmetropolitan AA. Both AAs received a full-scope review as they are located in two separate states, and the bank's performance in each AA was weighted equally. Cochise County MSA AA is located in Arizona and the Hidalgo and Grant Counties Nonmetropolitan AA is located in New Mexico. Examiners reviewed the following data to assess the bank's CRA performance:

- The bank's 21-quarter average NLTD ratio.
- A statistically derived sample of the bank's major loan products: small business loans and small farm loans.
 - The small business loan sample consists of 41 out of the 52 loans originated between January 1, 2021, and December 31, 2021. It is noteworthy that the bank participated in the Small Business Administration's Payroll Protection Program (PPP) in 2020 and 2021, originating approximately \$12.6 million in PPP loans.
 - The small farm loan sample consists of 82 out of the 137 loans originated between January 1, 2017, and December 31, 2021.
- Information provided by a member of a federal agriculture agency and an official of a local county department from each AA to assess the credit needs of the communities and responsiveness to the banks meeting those credit needs as well as local economic conditions.

The fifth criterion used to evaluate a small bank's CRA performance, response to CRA-related complaints, was not evaluated. Neither the bank nor the Reserve Bank received any such complaints since the previous evaluation.

DESCRIPTION OF THE INSTITUTION

Western Bank, a full-service, interstate community bank headquartered in Lordsburg, New Mexico, has the following characteristics:

- The bank is a wholly owned subsidiary of Lordsburg Financial Corp.
- The bank has total assets of approximately \$284 million as of September 30, 2022.
- In addition to its main office in Lordsburg, New Mexico, the bank has three additional offices and one drive-thru location. The Bisbee Branch and the Willcox Branch are located in Arizona and the Silver City Branch and drive-thru branch are located in New Mexico.
- The bank operates a full-service automated teller machine (ATM) at each branch office and six cash-only ATMs: one at the Bisbee Branch and five are standalones. Of the five standalone ATMs, four are located in New Mexico and one is located in Arizona.
- As shown in the table below, the bank’s primary business focus is agricultural and commercial lending, as they represent 73.4 percent of total gross loans as of September 30, 2022.

Composition of Loan Portfolio as of September 30,2022		
Loan Type	\$(000)	%
Construction and Land Development	996	1.3
Farmland	22,132	27.8
1-4 Family Residential Real Estate	13,003	16.4
Multifamily Residential Real Estate	1,226	1.5
Non-Farm Non-Residential Real Estate	17,949	22.6
Agricultural	9,064	11.4
Commercial and Industrial	6,983	8.8
Consumer	3,522	4.4
Other	4,604	5.8
Gross Loans	79,479	100.0
<i>Note Percentages may not total 100.0 percent due to rounding.</i>		

The bank’s CRA performance was rated Satisfactory at the previous performance evaluation conducted by the Reserve Bank on November 27, 2017. There are no known legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its communities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA¹

This performance evaluation first discusses the bank’s overall performance, followed by an in-depth performance evaluation in the Cochise County MSA AA and the Hidalgo and Grant Counties Nonmetropolitan AA. In assessing the bank’s overall CRA performance, the institution’s lending performance in each AA was weighted equally. Moreover, the bank’s lending performance to small businesses carried more weight, as the volume of small farm loans extended in the AAs was insufficient to conduct a meaningful analysis.

The bank’s lending levels reflect good responsiveness to the AAs credit needs. The bank’s 21-quarter average NLTD reflects the institution’s desire to extend credit, with a majority of the lending occurring within the AAs. Furthermore, the geographic distribution of loans reflects reasonable dispersion throughout its AAs and census tracts of different income levels. Lastly, the loan distribution to businesses and farms of different revenue sizes is reasonable.

¹ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to states, multistate metropolitan areas, and assessment areas.

Though agricultural lending represents a greater portion of the bank’s loan portfolio, the relatively low number of small farm originations made each year during the review period diminishes the level of analysis possible during this evaluation. As a result, greater weight was given to the bank’s performance in the origination and purchase of small business loans.

Net Loan-to-Deposit Ratio

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as the bank’s capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AAs, and in comparison, to similarly situated institutions insured by the Federal Deposit Insurance Corporation-(FDIC). The similarly situated institutions were selected based on asset size, product offering, and markets served.

The bank’s 21-quarter average NLTD ratio of 38.4 percent is reasonable and comparable to the NLTD ratios of the similarly situated banks, which ranged from 36.6 and 55.9 percent. The bank’s NLTD ratio has been declining in recent years due to a flat loan demand and a significant increase in deposit growth. The bank has had a historically strong relationship with local farmers and ranchers in Cochise County. A large dairy farm moved into the area in 2018 and immediately bought land from several local farmers and ranchers, which reduced a large base of potential borrowers. Additionally, during the review period, the bank experienced an influx of deposits given the COVID-19 pandemic. This trend was noted nationwide, as the personal savings rates of U.S. households soared to an estimated \$2.3 trillion in additional savings between 2020 and 2021.

Comparative Average NLTD Ratios July 1, 2017 – September 30, 2022			
Institution	Location	Asset Size \$(000)	21-Quarter Average NLTD Ratio (%)
Western Bank	Lordsburg, NM	284,120	38.4
Similarly Situated Institutions			
Regional Banks	Portales, NM	318,318	53.6
	Hobbs, NM	583,068	36.6
	Las Cruces, NM	167,663	55.9
	Las Vegas, NM	171,310	38.4

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the bank’s delineated AAs. As indicated in the table below, the bank originated a majority of loans, by number and dollar, inside its AAs. It is noted that of the small business and small farm originations sampled for this evaluation, all but one was originated in the bank’s AAs or in contiguous counties. Though loans originated in contiguous counties are still considered outside of the bank’s AAs, it reflects favorably on the bank’s responsiveness to credit needs in its community, as rural and farming communities often extend beyond county lines.

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Total Small Business	34	82.9	2,456	69.9	7	17.1	1,056	30.1
Total Small Farm	59	72.0	10,405	57.1	23	28.0	7,808	42.9
Total Loans	93	75.6	12,861	59.2	30	24.4	8,864	40.8

Note: Percentages may not total 100.0 percent due to rounding.

The remaining analysis is based on loans made inside the bank’s AAs.

Geographic Distribution of Loans

This performance criterion evaluates the bank’s distribution of lending within its AAs by income level of census tracts with consideration given to the dispersion of loans throughout the AAs. The bank’s overall geographic distribution of loans reflects reasonable distribution among census tracts of different income levels and throughout the AAs. The bank’s small business lending in low- and moderate-income (LMI) census tracts is comparable to the demographic data. No conspicuous gaps were noted in the dispersion of loan originations that negatively impacted the bank’s CRA performance.

Lending to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank’s lending to businesses and farms of different revenue sizes. The bank’s lending has an overall reasonable distribution among businesses and farms of different sizes.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Compliance with the substantive provisions of antidiscrimination and other consumer protection laws and regulations, including the Equal Credit Opportunity Act and the Fair Housing Act was considered as part of this CRA evaluation. No evidence of a pattern or practice of discrimination on a prohibited basis or of other illegal credit practices inconsistent with helping to meet community credit needs was identified.

STATE OF ARIZONA

COMMUNITY INVESTMENT ACT RATING FOR ARIZONA:

Satisfactory

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution of loans occurs throughout the bank's AA.
- Lending reflects a reasonable distribution among businesses of different sizes. Although included in the initial sample, the bank's small farm lending distribution was not analyzed due to the limited number of originations in the AA.
- The bank's geographic distribution of loans reflects reasonable distribution among census tracts of different income levels and dispersion throughout the AA.
- The bank has a good record of servicing the credit needs of LMI areas and individuals, as well as small businesses.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN ARIZONA

The bank delineates one AA in the state of Arizona, which contains two full-service branches. The Cochise County MSA AA consists of the entirety of the Sierra-Douglas, AZ MSA. The bank has challenges penetrating cities that make up the MSA in this state due to the competition of larger financial institutions; however, it still makes concerted efforts to reach the LMI communities. Detailed descriptions of the bank's operations in the AA are provided in the AA analysis below.

As the Cochise County MSA AA is the only AA delineated by the bank in the state of Arizona, all component ratings for the state are consistent with the corresponding component ratings for the AA. Detailed descriptions of the bank's operations in the AA are provided in the next section of the report.

COCHISE COUNTY MSA ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

The bank’s Cochise County MSA AA consists of the entire Sierra-Douglas, AZ MSA (see Appendix B for an AA map and Appendix C for additional demographic data).

- The delineation of the Cochise County MSA AA has not changed since the previous evaluation.
- The bank holds 28.0 percent of its deposits in the AA.
- Approximately 62.0 percent of the sample of loans reviewed were originated in the AA.
- The bank currently operates two locations within the AA. During the review period, the census tract in which the Bisbee Branch is located was classified as moderate-income and the census tract in which the Willcox Branch is located was classified as middle-income. As of January 1, 2022, the income level of the census tract in which the Bisbee Branch is located changed to middle-income.
- According to the 2015 American Community Survey (ACS), the AA consists of 32 census tracts: two (6.3 percent) are low-income census tracts, ten (31.3 percent) are moderate-income census tracts, 14 (43.8 percent) are middle-income census tracts, and six (18.8 percent) are upper-income census tracts.
- According to the June 30, 2022, FDIC Deposit Market Share Report, eight federally insured depository institutions operate 16 branches in the AA, holding total deposits of approximately \$1.7 billion. The bank ranked seventh, with 4.8 percent of the deposit market share. Primary competitors in the AA include Wells Fargo Bank, National Association (29.0 percent), JPMorgan Chase Bank, National Association (19.1 percent), and Zions Bancorporation, National Association (14.1 percent).
- The community contact highlighted area banks worked to meet the credit needs of small businesses, especially during the COVID-19 pandemic by participating in the Small Business Administration’s PPP. While banks are good with meeting the needs of the small businesses in the AA, it is still a challenge for businesses to obtain capital for various contracts in the rural areas of the AA. The community contact also noted that banks could do a better job at promoting their services and products to small businesses through outreach activities and advertisements, which would be helpful to ensure business owners know what is available to them.

Population Change			
Assessment Area: Cochise County MSA			
Area	2010 Population	2015 Population	Percent Change
Cochise County MSA	131,346	129,647	-1.3
Arizona	6,392,017	6,641,928	3.9
<i>Source: 2010 U.S. Census Bureau Decennial Census 2011 - 2015 U.S. Census Bureau American Community Survey</i>			

- Since the 2010 U.S. Census Bureau Decennial Census, the Cochise County MSA AA has experienced a slight decrease in population. On the other hand, the population of the state of Arizona grew by almost 4 percent in the same time frame.
- The largest portion of the population in the AA (approximately 35 percent) is domiciled in Sierra Vista, AZ, the largest city in the MSA.

Median Family Income Change			
Assessment Area: Cochise County MSA			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Cochise County MSA	\$57,798	\$55,471	-4.0
Arizona	\$65,163	\$59,480	-8.7

- There are approximately 32,200 families in the AA, of which 23.1 percent are considered as low-income, 16.0 percent as moderate-income, 20.0 percent as middle-income, and 41.0 percent as upper-income families.
- Approximately 13.6 percent of these families live below the poverty rate, which is similar to the family poverty rate for the state of Arizona, at 13.3 percent.
- The AA median family income decreased by 4.0 percent between 2010 and 2015, which is less drastic than the statewide decrease in median family income during the same period.

Unemployment Rates					
Assessment Area: Cochise County MSA					
Area	2017	2018	2019	2020	2021
Cochise County MSA	5.6	5.6	5.8	6.8	4.8
Arizona	5.0	4.8	4.9	7.7	4.9

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

- The largest industries in the AA are public administration, health care and social assistance, and retail trade.
- The highest paying industries in the AA are public administration, transportation, warehousing, utilities, professional, scientific and management, and administrative and waste management services.
- The unemployment rate in the AA was consistently higher than the statewide rate until 2020 when the effects of COVID-19 pandemic raised the statewide unemployment rate above that of the AA. In 2021, the unemployment rates for the AA and the state of Arizona dropped, with the statewide unemployment rate returning to the rates in pre-pandemic times and the AA unemployment rate aligning with the statewide rate.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE ASSESSMENT AREA

Geographic Distribution of Loans

The geographic distribution of the bank’s small business loans reflects reasonable distribution among census tracts of different income levels and dispersion throughout the AA. In 2021, 70 financial institutions reported more than 2,000 small business loans in the AA, highlighting the high level of competition in the AA, which contains fewer than 4,800 small businesses per the 2021 Dun & Bradstreet data. Moreover, the volume of small business loans extended in the AA in 2021 does not include the loans originated by small banks, such as Western Bank, that do not collect and report CRA small business loan data. During the review period, the bank did not

originate sufficient small farm loans in any year to allow for a meaningful analysis of the distribution of these loans.

The geographic distribution of small business lending is reasonable despite no small business loans were originated in the AA’s low-income census tracts during the review period. The bank’s performance was considered reasonable given that the AA contains only two low-income census tracts, which are home to less than four percent of the total businesses in the AA. Moreover, the bank extended most of its small business lending in proximity to its branches, which are located in a middle-income tract and a moderate-income tract. When evaluating the bank’s performance, examiners also considered the high level of competition for small business originations in the AA, which further impacts the bank’s ability to extend credit to small businesses located in the AA’s low-income geographies.

Moderate-income census tracts in the AA contain almost 30 percent of area businesses and present greater lending opportunities. During the review period, the bank’s performance was below the demographic figure. However, loans were generally originated in census tracts near the bank’s branches, and the larger of the bank’s two branches in the AA (holding more than two-thirds of the bank’s total deposits in the state) is located 20 miles from the nearest moderate-income census tract. Taking into consideration the significant level of competition and the demographics of the AA, the bank’s performance is reasonable.

The dispersion of the bank’s small business loans throughout the Cochise County MSA AA is well distributed, with no conspicuous gaps were identified.

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Cochise County MSA					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	3.8
Moderate	4	19.0	203	11.0	29.5
Middle	17	81.0	1,635	89.0	41.9
Upper	0	0.0	0	0.0	24.9
Unknown	0	0.0	0	0.0	0.0
Total	21	100.0	1,838	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses of Different Sizes

The bank’s lending has a reasonable distribution among businesses of different sizes. As previously stated, the low number of small farm originations reviewed in the Cochise County MSA AA significantly limited the depth of analysis that could be conducted on the bank’s performance for this product; therefore, the bank’s small business lending was the focus of the analysis.

The borrower distribution of small business lending is reasonable. During the review period, the substantial majority of businesses in the AA reported annual revenues of \$1 million or less.

Despite this high mark, the bank slightly outperformed the demographic figure in 2021. Additionally, 75 percent of the loans originated by the bank to businesses with annual revenues of \$1 million or less were originated in dollar volumes of \$100,000 or less. As smaller businesses typically seek smaller dollar loans, this figure reflects favorably on the bank's responsiveness to the credit need of small businesses in its AA.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses					
Assessment Area: Cochise County MSA					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	20	95.2	1,664	90.5	94.0
Over \$1 Million	1	4.8	173	9.4	4.6
Revenue Unknown	0	0.0	0	0.0	1.4
Total	21	100.0	1,838	100.0	100.0
By Loan Size					
\$100,000 or Less	15	71.4	633	34.4	
\$100,001 - \$250,000	5	23.8	754	41.0	
\$250,001 - \$1 Million	1	4.8	450	24.5	
Total	21	100.0	1,838	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	15	75.0	633	38.0	
\$100,001 - \$250,000	4	20.0	581	34.9	
\$250,001 - \$1 Million	1	5.0	450	27.0	
Total	20	100.0	1,664	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

STATE OF NEW MEXICO

COMMUNITY INVESTMENT ACT RATING FOR NEW MEXICO:

Satisfactory

This rating is based on the following conclusions with respect to the performance criteria:

- A reasonable distribution of loans occurs throughout the bank's AAs.
- Lending reflects an excellent distribution among businesses of different revenue sizes.
- The bank's geographic distribution of loans reflects reasonable distribution among the different census tracts and dispersion throughout the AA.

DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN NEW MEXICO

The bank delineates one AA in the state of New Mexico: the Hidalgo and Grant Counties Nonmetropolitan AA. This AA contains the bank's main office location as well as two full-service branches. The area is largely unpopulated, consisting of national forests and open desert, which is reflected in the relatively low level of competition from other financial institutions.

As the Hidalgo and Grant Counties Nonmetropolitan AA is the only AA delineated by the bank in the state of New Mexico, all component ratings for the state are consistent with the corresponding component ratings for the AA. Detailed descriptions of the bank's operations in the AA are provided below.

HIDALGO AND GRANT COUNTIES NONMETROPOLITAN ASSESSMENT AREA
(Full-Scope Review)

DESCRIPTION OF THE INSTITUTION’S OPERATIONS IN THE ASSESSMENT AREA

The bank’s Hidalgo and Grant Counties AA consists of the entirety of Hidalgo County and Grant County (see Appendix B for an AA map and Appendix C for additional demographic data).

- There have been no changes to the Hidalgo and Grant Counties Nonmetropolitan AA since the previous evaluation.
- According to 2015 ACS data, the AA consists of ten census tracts: three (30.0 percent) are moderate-income, five (50.0 percent) are middle-income, and two (20.0 percent) are classified as upper-income.
- The bank operates its main office as well as one full-service branch and one drive thru location in the AA.
- The bank holds 72.0 percent of its deposits in the AA, and
- Approximately, 38.2 percent of the sample of loans reviewed were originated in the AA.
- According to the June 30, 2022, FDIC Market Share Report, six federally insured depository institutions operate ten branches in the AA, holding deposits of \$674 million. The bank ranked first in deposit market share, with \$180 million or 26.8 percent of all deposits. Primary competitors in the AA include First American Bank (22.5 percent), First New Mexico Bank of Silver City, (19.1 percent), and Wells Fargo Bank, National Association, (17.2 percent).
- The community contact specifically noted the bank as one that favorably meets the needs of the community, highlighting that the bank provides financial literacy programs and outreach to the community. Moreover, the community contact praised the bank for working with small farms, noting that it is the only area bank that offers agricultural loans. However, some individuals have to seek agricultural lending in neighboring counties and states to find lenders that accept programs for ranchers and farmers.

Population Change			
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan			
Area	2010 Population	2015 Population	Percent Change
Hidalgo and Grant Counties Nonmetropolitan	34,408	33,762	-1.9
Grant County, NM	29,514	29,119	-1.3
Hidalgo County, NM	4,894	4,643	-5.1
NonMSA New Mexico	688,655	695,182	0.9
New Mexico	2,059,179	2,084,117	1.2

*Source: 2010 U.S. Census Bureau Decennial Census
2011 - 2015 U.S. Census Bureau American Community Survey*

- Since the 2010 U.S. Census Bureau Decennial Census, the Hidalgo and Grant Counties Nonmetropolitan AA experienced a slight decrease in population between 2010 and 2015. During the same period, both the statewide nonMSA population and the population of the state of New Mexico as a whole increased slightly. Hidalgo County experienced the highest decrease in population, at 5.1 percent.
- The AA is mostly rural in nature, with the largest city in the AA, Lordsburg, containing less than 10 percent of the total AA population.

Median Family Income Change			
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Hidalgo and Grant Counties Nonmetropolitan	\$47,817	\$47,291	-1.1
Grant County, NM	\$48,306	\$48,428	0.3
Hidalgo County, NM	\$45,294	\$41,658	-8.0
NonMSA New Mexico	\$50,477	\$49,356	-2.2
New Mexico	\$57,241	\$55,049	-3.8

*Source: 2006 - 2010 U.S. Census Bureau American Community Survey
2011 - 2015 U.S. Census Bureau American Community Survey
Median Family Incomes have been inflation-adjusted and are expressed in 2015 dollars.*

- There are 8,649 families in the AA, of which approximately 24.1 percent are classified as low-income, 17.1 percent as moderate-income, 17.6 percent as middle-income, and 41.2 percent as upper-income families.
- Approximately 14.6 percent of these families live below the poverty rate, which is higher than the statewide rate, at 15.9 percent.
- The AA median family income decreased by 1.1 percent between 2010 and 2015, though this is less than the decrease in the statewide median family income during the same period. The median family income in Hidalgo County decreased by 8.0 percent, which is almost four times the decrease for New Mexico nonMSAs and more than double the decrease for the state of New Mexico. Conversely, the family median income in Grant County remained stable.

Unemployment Rates					
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan					
Area	2017	2018	2019	2020	2021
Hidalgo and Grant Counties Nonmetropolitan	5.9	4.6	4.8	8.2	7.0
Grant County, NM	6.0	4.8	4.8	8.7	7.3
Hidalgo County, NM	5.1	3.8	4.3	5.6	5.4
NonMSA New Mexico	6.5	5.1	5.1	8.3	7.5
New Mexico	6.1	4.9	4.9	8.1	6.8

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

- The largest industries in the AA are educational services, health care and social assistance, accommodations and food services, and retail trade.
- The highest paying industries in the AA are public administration; agriculture; forestry, fishing and hunting; mining; transportation; warehousing; utilities; and professional services.
- The AA unemployment rates have been slightly higher than the state of New Mexico in the 2020 and 2021. However, during the COVID-19 pandemic, the bank extended PPP loans to small businesses in the area, which attributed to their continued operations and mitigated job loss. While the unemployment rates decreased in 2021 after the 2020 spike, they remain higher than the pre-pandemic unemployment rates.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN THE ASSESSMENT AREA

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable distribution among census tracts of different income levels and dispersion throughout the AA. The Hidalgo and Grant Counties Nonmetropolitan AA contains no low-income census tracts; as a result, the analysis of the dispersion of the bank's lending focuses on lending in moderate-income tracts. In 2021, only 300 CRA-small business loans in the AA were reported by 32 financial institutions, not including the bank, which does not collect and report CRA small business loan data. Despite the low level of lending activity in the AA, the competition for loans is material as the AA contains fewer than 1,200 businesses. During the review period, the bank did not originate sufficient small farm loans in any year to allow for a meaningful analysis of the distribution of these loans.

Of the small business loans sampled, only 13 were originated in the Hidalgo and Grant Counties Nonmetropolitan AA. The low level of lending materially limits the depth of analysis that can be conducted on the geographic distribution of loans as a single loan represents approximately 8 percent of the total, which can sway distribution significantly. As a result, the geographic distribution of small business loans was given little weight in determining the bank's overall performance.

Despite the limited weight given to this criterion, the bank's lending reflects a reasonable dispersion throughout the AA. The bank originated 23.1 percent of the sampled small business loans to businesses located in moderate-income census tracts, which is below the 39.2 percent of AA businesses located in such tracts.

Distribution of 2021 Small Business Lending By Income Level of Geography					
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	3	23.1	77	12.4	39.2
Middle	6	46.2	313	50.6	31.4
Upper	4	30.8	229	37.0	29.4
Unknown	0	0.0	0	0.0	0.0
Total	13	100.0	619	100.0	100.0

Source: 2021 FFIEC Census Data
2021 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey

Note: Percentages may not total 100.0 percent due to rounding.

Lending to Businesses of Different Sizes

The bank's lending has a excellent distribution among businesses of different revenue sizes. As previously stated, the low number of small farm originations reviewed in the Hidalgo and Grant Counties Nonmetropolitan AA significantly limited the depth of analysis that could be conducted on the bank's performance for this product; therefore, the bank's small business lending was the focus of this analysis.

The borrower distribution of small business lending is excellent. During the review period, every small business loan the bank originated in the AA was extended to businesses that reported annual revenues of \$1 million or less. Additionally, more than 80 percent of the loans originated by the bank to businesses with annual revenues of \$1 million or less were originated in dollar volumes of \$100,000 or less. As smaller businesses typically seek smaller dollar loans, this figure reflects favorably on the bank's responsiveness to the credit need of small businesses in its AA.

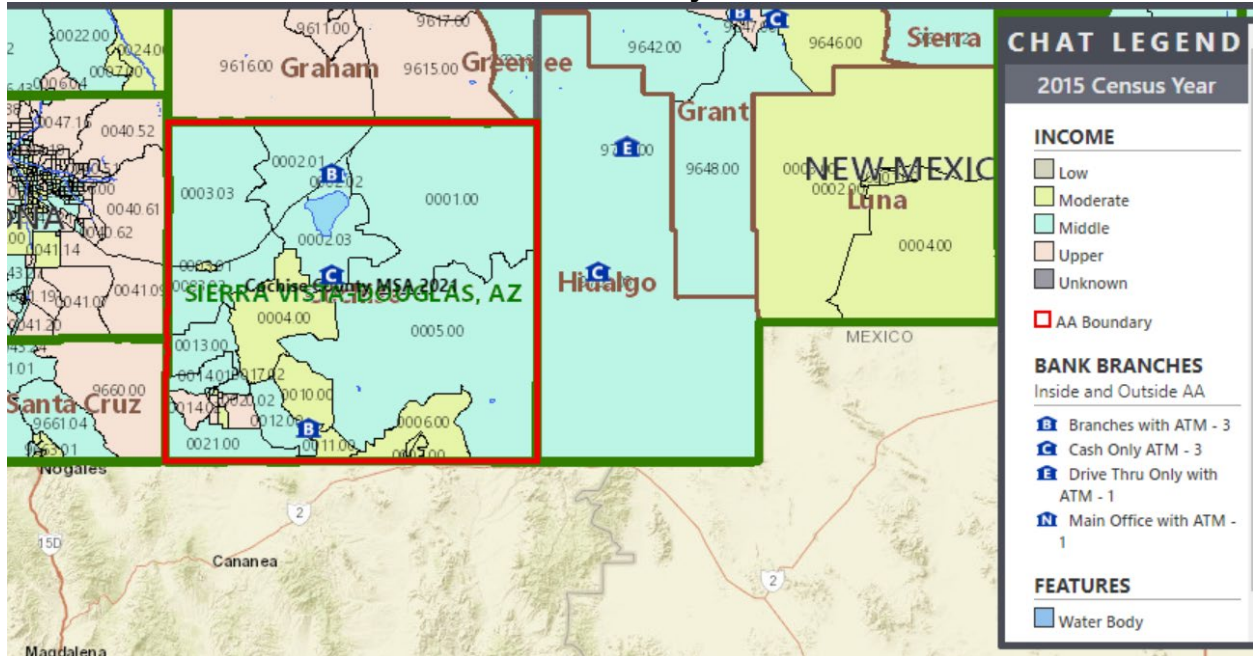
Distribution of 2021 Small Business Lending by Revenue Size of Businesses					
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	13	100.0	619	100.0	92.8
Over \$1 Million	0	0.0	0	0.0	5.3
Revenue Unknown	0	0.0	0	0.0	1.9
Total	13	100.0	619	100.0	100.0
By Loan Size					
\$100,000 or Less	11	84.6	309	49.9	
\$100,001 - \$250,000	2	15.4	310	50.1	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	13	100.0	619	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	11	84.6	309	49.9	
\$100,001 - \$250,000	2	15.4	310	50.1	
\$250,001 - \$1 Million	0	0.0	0	0.0	
Total	13	100.0	619	100.0	
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

APPENDIX A – SCOPE OF THE EXAMINATION TABLE

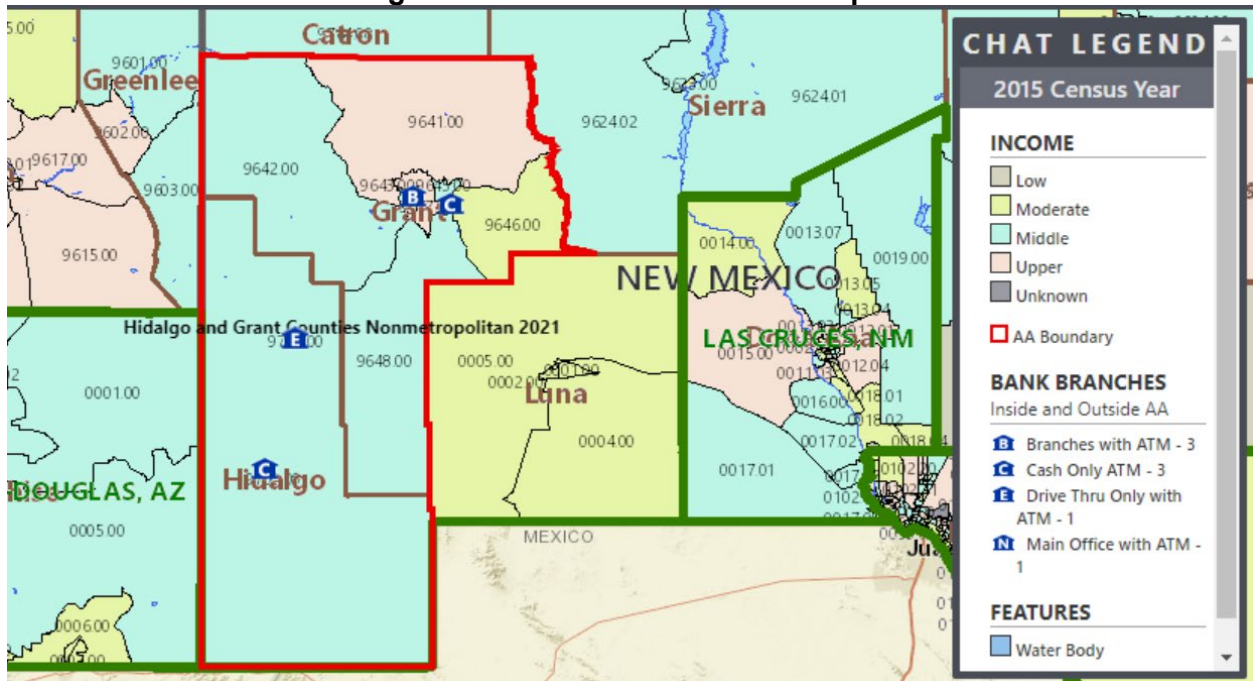
SCOPE OF EXAMINATION			
FINANCIAL INSTITUTION	PRODUCTS AND TIME PERIODS REVIEWED		
Western Bank Lordsburg, New Mexico	<ul style="list-style-type: none"> • Small Farm Loans January 1, 2017, to December 31, 2021 • Small Business Loans January 1, 2021, to December 31, 2021 		
LIST OF AFFILIATES CONSIDERED IN THIS EVALUATION			
AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAM	BRANCHES VISITED	OTHER INFORMATION
<u>Arizona</u> Cochise County MSA	Full-scope Review	N/A	N/A
<u>New Mexico</u> Hidalgo and Grant Counties Nonmetropolitan	Full-scope Review	N/A	N/A

APPENDIX B – MAPS OF THE ASSESSMENT AREAS

Cochise County MSA



Hidalgo and Grant Counties Nonmetropolitan



APPENDIX C – DEMOGRAPHIC INFORMATION

Table C-1

2021 Cochise County MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.3	1,016	3.2	371	36.5	7,426	23.1
Moderate	10	31.3	8,384	26.0	2,019	24.1	5,161	16.0
Middle	14	43.8	14,037	43.6	1,624	11.6	6,397	19.9
Upper	6	18.8	8,763	27.2	352	4.0	13,216	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	32,200	100.0	4,366	13.6	32,200	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,000	769	2.3	38.5	666	33.3	565	28.3
Moderate	17,478	8,815	26.6	50.4	4,787	27.4	3,876	22.2
Middle	26,576	14,659	44.2	55.2	6,923	26.0	4,994	18.8
Upper	14,033	8,943	26.9	63.7	3,263	23.3	1,827	13.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	60,087	33,186	100.0	55.2	15,639	26.0	11,262	18.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	180	3.8	169	3.8	5	2.2	6	9.0
Moderate	1,413	29.5	1,317	29.2	80	35.9	16	23.9
Middle	2,008	41.9	1,880	41.7	96	43.0	32	47.8
Upper	1,195	24.9	1,140	25.3	42	18.8	13	19.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,796	100.0	4,506	100.0	223	100.0	67	100.0
Percentage of Total Businesses:				94.0	4.6	1.4		
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	4	1.6	4	1.7	0	0.0	0	0.0
Moderate	24	9.9	24	10.0	0	0.0	0	0.0
Middle	201	82.7	198	82.5	3	100.0	0	0.0
Upper	14	5.8	14	5.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	243	100.0	240	100.0	3	100.0	0	0.0
Percentage of Total Farms:				98.8	1.2	0.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-2

2020 Cochise County MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.3	1,016	3.2	371	36.5	7,426	23.1
Moderate	10	31.3	8,384	26.0	2,019	24.1	5,161	16.0
Middle	14	43.8	14,037	43.6	1,624	11.6	6,397	19.9
Upper	6	18.8	8,763	27.2	352	4.0	13,216	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	32,200	100.0	4,366	13.6	32,200	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,000	769	2.3	38.5	666	33.3	565	28.3
Moderate	17,478	8,815	26.6	50.4	4,787	27.4	3,876	22.2
Middle	26,576	14,659	44.2	55.2	6,923	26.0	4,994	18.8
Upper	14,033	8,943	26.9	63.7	3,263	23.3	1,827	13.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	60,087	33,186	100.0	55.2	15,639	26.0	11,262	18.7
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	191	3.9	177	3.8	8	3.5	6	10.0
Moderate	1,441	29.4	1,350	29.3	79	34.3	12	20.0
Middle	2,034	41.5	1,905	41.3	100	43.5	29	48.3
Upper	1,234	25.2	1,178	25.6	43	18.7	13	21.7
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,900	100.0	4,610	100.0	230	100.0	60	100.0
Percentage of Total Businesses:				94.1		4.7		1.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	3	1.2	3	1.2	0	0.0	0	0.0
Moderate	25	9.9	25	10.0	0	0.0	0	0.0
Middle	209	82.6	205	82.3	4	100.0	0	0.0
Upper	16	6.3	16	6.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	253	100.0	249	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-3

2019 Cochise County MSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	6.3	1,016	3.2	371	36.5	7,426	23.1
Moderate	10	31.3	8,384	26.0	2,019	24.1	5,161	16.0
Middle	14	43.8	14,037	43.6	1,624	11.6	6,397	19.9
Upper	6	18.8	8,763	27.2	352	4.0	13,216	41.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	32	100.0	32,200	100.0	4,366	13.6	32,200	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,000	769	2.3	38.5	666	33.3	565	28.3
Moderate	17,478	8,815	26.6	50.4	4,787	27.4	3,876	22.2
Middle	26,576	14,659	44.2	55.2	6,923	26.0	4,994	18.8
Upper	14,033	8,943	26.9	63.7	3,263	23.3	1,827	13.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	60,087	33,186	100.0	55.2	15,639	26.0	11,262	18.7
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	192	4.1	177	4.0	10	4.3	5	10.6
Moderate	1,406	30.1	1,316	29.9	83	35.3	7	14.9
Middle	1,912	40.9	1,786	40.6	99	42.1	27	57.4
Upper	1,166	24.9	1,115	25.4	43	18.3	8	17.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,676	100.0	4,394	100.0	235	100.0	47	100.0
Percentage of Total Businesses:				94.0		5.0		1.0
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	2	0.8	2	0.8	0	0.0	0	0.0
Moderate	24	9.7	24	9.8	0	0.0	0	0.0
Middle	203	81.9	199	81.6	4	100.0	0	0.0
Upper	19	7.7	19	7.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	248	100.0	244	100.0	4	100.0	0	0.0
Percentage of Total Farms:				98.4		1.6		0.0
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-4

2021 Hidalgo and Grant Counties Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,088	24.1
Moderate	3	30.0	2,472	28.6	581	23.5	1,478	17.1
Middle	5	50.0	3,923	45.4	527	13.4	1,523	17.6
Upper	2	20.0	2,254	26.1	151	6.7	3,560	41.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	8,649	100.0	1,259	14.6	8,649	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,791	2,552	24.9	53.3	1,433	29.9	806	16.8
Middle	7,648	4,599	44.9	60.1	1,728	22.6	1,321	17.3
Upper	4,588	3,097	30.2	67.5	451	9.8	1,040	22.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	17,027	10,248	100.0	60.2	3,612	21.2	3,167	18.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	449	39.2	415	39.1	25	41.0	9	40.9
Middle	359	31.4	338	31.8	11	18.0	10	45.5
Upper	337	29.4	309	29.1	25	41.0	3	13.6
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,145	100.0	1,062	100.0	61	100.0	22	100.0
Percentage of Total Businesses:				92.8		5.3		1.9
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	7	8.9	7	8.9	0	0.0	0	0.0
Middle	54	68.4	54	68.4	0	0.0	0	0.0
Upper	18	22.8	18	22.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	79	100.0	79	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-5

Distribution of 2019 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Cochise County MSA					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	7	87.5	1,341	61.8	98.4
Over \$1 Million	0	0.0	0	0.0	1.6
Revenue Unknown	0	0.0	0	0.0	0.0
Total	8	100.0	2,171	100.0	100.0
By Loan Size					
\$100,000 or Less	4	50.0	139	6.4	
\$100,001 - \$250,000	1	12.5	218	10.0	
\$250,001 - \$500,000	2	25.0	984	45.3	
Total	8	100.0	2,171	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	4	57.1	139	10.4	
\$100,001 - \$250,000	1	14.3	218	16.3	
\$250,001 - \$500,000	2	28.6	984	73.4	
Total	7	100.0	1,341	100.0	
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Table C-6

Distribution of 2019 Small Farm Lending By Income Level of Geography					
Assessment Area: Cochise County MSA					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.8
Moderate	0	0.0	0	0.0	9.7
Middle	8	100.0	2,171	100.0	81.9
Upper	0	0.0	0	0.0	7.7
Unknown	0	0.0	0	0.0	0.0
Total	8	100.0	2,171	100.0	100.0
<i>Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Table C-7

2020 Hidalgo and Grant Counties Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,088	24.1
Moderate	3	30.0	2,472	28.6	581	23.5	1,478	17.1
Middle	5	50.0	3,923	45.4	527	13.4	1,523	17.6
Upper	2	20.0	2,254	26.1	151	6.7	3,560	41.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	8,649	100.0	1,259	14.6	8,649	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,791	2,552	24.9	53.3	1,433	29.9	806	16.8
Middle	7,648	4,599	44.9	60.1	1,728	22.6	1,321	17.3
Upper	4,588	3,097	30.2	67.5	451	9.8	1,040	22.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	17,027	10,248	100.0	60.2	3,612	21.2	3,167	18.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	469	40.5	433	40.5	26	40.6	10	43.5
Middle	361	31.2	339	31.7	12	18.8	10	43.5
Upper	327	28.3	298	27.9	26	40.6	3	13.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,157	100.0	1,070	100.0	64	100.0	23	100.0
Percentage of Total Businesses:				92.5		5.5		2.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	10.3	8	10.3	0	0.0	0	0.0
Middle	53	67.9	53	67.9	0	0.0	0	0.0
Upper	17	21.8	17	21.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	78	100.0	78	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-8

2019 Hidalgo and Grant Counties Nonmetropolitan AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,088	24.1
Moderate	3	30.0	2,472	28.6	581	23.5	1,478	17.1
Middle	5	50.0	3,923	45.4	527	13.4	1,523	17.6
Upper	2	20.0	2,254	26.1	151	6.7	3,560	41.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	10	100.0	8,649	100.0	1,259	14.6	8,649	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	4,791	2,552	24.9	53.3	1,433	29.9	806	16.8
Middle	7,648	4,599	44.9	60.1	1,728	22.6	1,321	17.3
Upper	4,588	3,097	30.2	67.5	451	9.8	1,040	22.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	17,027	10,248	100.0	60.2	3,612	21.2	3,167	18.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	467	39.8	428	39.6	30	41.7	9	42.9
Middle	373	31.8	349	32.3	14	19.4	10	47.6
Upper	334	28.4	304	28.1	28	38.9	2	9.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,174	100.0	1,081	100.0	72	100.0	21	100.0
Percentage of Total Businesses:				92.1		6.1		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	8	10.1	8	10.1	0	0.0	0	0.0
Middle	53	67.1	53	67.1	0	0.0	0	0.0
Upper	18	22.8	18	22.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	79	100.0	79	100.0	0	0.0	0	0.0
Percentage of Total Farms:				100.0		0.0		0.0
Source: 2019 FFIEC Census Data 2019 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Table C-9

Distribution of 2019 Small Farm Lending By Income Level of Geography					
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan					
Geographic Income Level	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	1	20.0	148	30.1	10.1
Middle	4	80.0	343	69.9	67.1
Upper	0	0.0	0	0.0	22.8
Unknown	0	0.0	0	0.0	0.0
Total	5	100.0	491	100.0	100.0

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Table C-10

Distribution of 2019 Small Farm Lending By Revenue Size of Farms					
Assessment Area: Hidalgo and Grant Counties Nonmetropolitan					
	Bank Loans				Total Farms %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	4	80.0	451	91.9	100.0
Over \$1 Million	0	0.0	0	0.0	0.0
Revenue Unknown	1	20.0	41	8.4	0.0
Total	5	100.0	491	100.0	100.0
By Loan Size					
\$100,000 or Less	3	60.0	106	21.6	
\$100,001 - \$250,000	2	40.0	385	78.4	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	5	100.0	491	100.0	
By Loan Size and Revenues \$1 Million or Less					
\$100,000 or Less	2	50.0	66	14.6	
\$100,001 - \$250,000	2	50.0	385	85.4	
\$250,001 - \$500,000	0	0.0	0	0.0	
Total	4	100.0	451	100.0	

Source: 2019 FFIEC Census Data
2019 Dun & Bradstreet Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

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 subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; 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; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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, 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 nonrelatives 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).

Full-scope review: Performance is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

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

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

Limited-scope review: Performance is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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.

Nonmetropolitan area (NonMSA): Any area that is not located within an MSA.

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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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) 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 Consolidated Reports of Condition and Income (Call Report) instructions. 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.