



PUBLIC DISCLOSURE

November 26, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank 34
Charter Number 702889

500 10th Street
Alamogordo, NM 88310

Office of the Comptroller of the Currency

Denver Field Office
1225 17th Street, Suite 450
Denver, CO 80202-5534

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, and should not 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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Overall CRA Rating: Satisfactory

The Lending Test is rated: Satisfactory

- The loan-to-deposit (LTD) ratio is more than reasonable and exceeds the standard for satisfactory performance.
- A majority of the bank's loans were originated within the banks AAs during the review period.
- The borrower distribution reflects reasonable penetration of 1-4 family loans to borrowers of different income levels in the bank's AAs.
- The bank's geographic distribution of 1-4 family loans is reasonable.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

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 MA/assessment area.

Census Tract (CT): 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

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).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

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

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Description of Institution

Bank 34 is a wholly-owned subsidiary of Bancorp 34, Inc., a public company trading on the NASDAQ stock exchange under the symbol “BCTF”. Bancorp 34, Inc. manages its operations as one unit, and does not have separate operating segments. The bank does not have any affiliates or operating subsidiaries. The bank is a multi-state institution serving New Mexico and Arizona and headquartered in Alamogordo, New Mexico. As of December 31, 2017, Bank 34 had \$336 million in total assets with net loans of \$273 million, or 81 percent of total assets. Loans are heavily centered in 1-4 family residential real estate. The bank’s tier 1 capital totals \$43.2 million.

Bank 34’s rating area consists of three separate AAs; Phoenix MSA AA, Las Cruces MSA AA, and Rural NM non-MSA. The charts below detail the bank’s branch and ATM locations.

Bank 34’s Branch Locations		
<i>Location</i>	<i>Address</i>	<i>City and State</i>
Alamogordo	500 E. 10 th Street	Alamogordo, NM
Kierland	14850 N. Scottsdale Road	Scottsdale, AZ
Las Cruces	220 N. Telshor Blvd.	Las Cruces, NM
Peoria	14155 N. 83 rd Avenue	Peoria, AZ

Bank 34’s ATM Locations		
<i>Location</i>	<i>Address</i>	<i>City and State</i>
Alamogordo (deposit taking)	500 E. 10 th Street	Alamogordo, NM
Alamogordo (cash only)	1001 N. Scenic Drive	Alamogordo, NM
Las Cruces (cash only)	220 N. Telshor Blvd.	Las Cruces, NM

Bank 34 faces significant competition in each of its markets. As of June 30, 2017, Bank 34 ranked 13th in the Las Cruces AA with 1.89 percent of the deposit market share, 38th in the Phoenix AA with 0.13 percent, and 3rd in the Alamogordo AA with 13.86 percent.

Bank 34 offers a traditional mix of loan and deposit products. In 2016 and 2017, Bank 34 opened loan production offices (LPOs) in the states of Washington, Oregon, Arizona, and New Mexico, which generated significant increase in 1-4 family residential loan originations. Currently, the bank has ten LPOs located in Arizona, New Mexico, Oregon, Texas, and Washington. Bank 34 intends to continue to grow its mortgage banking business through regional expansion and online originations contingent upon market conditions and changes in the interest rate environment. Bank 34 also intends to continue its commercial growth and continue to seek and originate SBA credits.

The Office of the Comptroller of the Currency (OCC) last evaluated Bank 34’s CRA performance on January 14, 2013, using Small Bank CRA evaluation procedures. The bank received an overall rating of “Satisfactory” from this evaluation. Currently, there are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its assessment areas.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We performed a full-scope review of the bank's Community Reinvestment Act performance using the lending test criteria for small bank examinations. The lending test evaluates the bank's record of meeting the credit needs of its AA through its lending activities. The evaluation period includes loans originated from January 1, 2015, through December 31, 2017. We evaluated the volumes during this period to determine the primary lending products by evaluating both the total number of loans originated and the total dollar amount originated.

Based on the table below, 1-4 family residential real estate (RRE) loans were the bank's primary product representing 85 percent of the total number of loans and 69.4 percent of the total dollar volume of loans during the review period.

Bank 34 Loan Originations from January 1, 2015 to December 31, 2017				
Loan Type	Volume by Number	Volume by Dollar \$(000's)	% of total by Number	% of total by Dollar
Commercial	105	53,683	2.5	5.7
Commercial RE	224	145,629	5.4	15.6
Multi Family	55	49,436	1.3	5.3
SBA	34	1,447	0.8	0.2
USDA	13	4,741	0.3	0.5
Consumer	44	647	1.1	0.1
Consumer RE	103	16,777	2.5	1.8
Consumer Construction	50	13,933	1.2	1.5
1-4 Family Residential	3,557	649,815	85.0	69.4
Total	4,185	936,108	100	100

Data Integrity

The OCC completed a data integrity review on August 15, 2018, of the 2015, 2016, and 2017 Home Mortgage Disclosure Act Loan Application Register (HMDA LAR). The results of the testing found the bank's processes for collecting verifying and reporting HMDA data are satisfactory, and reliable.

Selection of Areas for Full-Scope Review

All three of Bank 34's AAs were chosen for full-scope reviews. All three AAs represent a significant portion of the bank's deposit base and a significant portion of the 1-4 family mortgage lending: Phoenix MSA AA – 20 percent of loans by number, 51 percent of deposits; Las Cruces MSA AA – 47 percent of loans by number, 16 percent of deposits; Rural NM non-MSA AA – 33 percent of loans by number, 32 percent of deposits.

Ratings

The bank's overall rating is based on those areas that received full-scope reviews. When evaluating the performance in the State of New Mexico, more emphasis was placed on the Rural NM Non-MSA AA as it represented a larger share of the state's deposit base. More emphasis was placed on the performance of New Mexico over Arizona as it represented a larger portion of the banks overall loan production in the AAs during the review period. Please see Appendix A for additional details.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Criteria

Loan-to-Deposit Ratio

Bank 34's LTD ratio is more than reasonable. The bank's LTD ratio at June 30, 2018, was 120.29 percent. The bank's average quarterly LTD ratio from December 31, 2012, through June 30, 2018, was 94.10 percent. The bank's LTD ranged from 69 percent to 120 percent. The average LTD ratio was compared to four institutions identified as having similar characteristics or being direct competitors of Bank 34 during the same time period. The similar characteristics included similar asset size, operation areas, and/or products. The combined average LTD ratio for these other institutions was 72.24 percent. The average LTD ratios are detailed in the following table.

Loan-To-Deposit Ratios		
Institution	Total Assets \$000's (As of 6/30/2018)	Average Loan to Deposit Ratio
Bank 34	\$377,334	94.10%
First National Bank, Alamogordo	\$344,903	48.28%
Pinnacle Bank	\$211,580	95.50%
Pioneer Bank	\$812,754	56.92%
Washington Federal National Association	\$15,774,522	88.28%

Source: Institution Reports of Condition from December 31, 2012 to June 30, 2018.

Lending in Assessment Area

Bank 34 made a majority of its residential real estate loans in the AA. The level of lending in the banks assessment area is reasonable given the competition in their designated AAs and the increased lending through their LPOs. We evaluated 100 percent of the bank's 1-4 family mortgage lending for the years 2015-2017. Bank 34 made 52 percent of the number of loans in the AA and 47 percent by dollar volume. The lower ratio in the dollar volume of loans made in the AA is attributed to the lower average cost of real estate in the AAs compared to the loans made outside of the AAs. An increasing trend of loans originated outside its AAs is due to the bank opening LPOs in states outside of its AAs in Oregon, Texas, and Washington. Lending in the assessment area is calculated on a bank-wide basis

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2015	728	77.4	213	22.6	941	132,263	78.0	37,205	22.0	169,468
2016	741	49.0	770	51.0	1,511	127,305	42.7	171,137	57.3	298,442
2017	478	37.6	792	62.4	1,270	87,848	31.9	187,850	68.1	275,698
Total	1,947	52.3	1,775	47.7	3,722	347,416	46.7	396,192	53.3	743,608
<i>Source: Evaluation Period: 1/1/2015 - 12/31/2017 Bank Data Due to rounding, totals may not equal 100.0</i>										

Source: Loan sample.

State Rating

State of Arizona

CRA rating for Arizona: Satisfactory

- The distribution of 1-4 family home loans reflects a reasonable penetration of loans to borrowers of different income levels in the Phoenix MSA AA.
- The geographic distribution of 1-4 family home loans reflects a reasonable dispersion of loans in the Phoenix MSA AA.

Description of Institution's Operations in Arizona

Bank 34 operations in the state of Arizona are centered in the Phoenix MSA, within Maricopa County. The bank has two full service branches in Arizona, located in Scottsdale and Peoria. The branches offer a traditional line of lending products. Bank 34 has no ATMs in Arizona. The bank's primary focus is on 1-4 family mortgage lending, but also provides commercial and consumer loans within the MSA.

Scope of Evaluation in Arizona

A full-scope evaluation was performed for Bank 34's Phoenix MSA AA for the state of Arizona. We reviewed all of the residential 1-4 family mortgage loans originated in our review period to assess the bank's lending performance. Loans from 2015-2016 were compared to 2010 U.S. Census data and 2017 loans were compared to 2015 ACS Census data.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN ARIZONA

LENDING TEST

Bank 34's lending test performance in Arizona is rated "Satisfactory". The distribution of loans to low- and moderate-income borrowers reflects reasonable penetration of the Phoenix MSA AA. The bank's lending practices exhibit a reasonable dispersion of loans to low- and moderate-income geographies in the AA.

Lending to Borrowers of Different Incomes

The distribution of 1-4 family home loans reflects reasonable penetration of loans to borrowers of different incomes in the Phoenix MSA AA. Tables 2 and 2A below reflect the bank's lending activity to borrowers of different income levels for 2015-2016 and 2017. The bank's 1-4 family lending was within a reasonable range of AA demographics for moderate income borrowers though underperformed low income comparators. Low income lending did outpace the banking industry as a whole with aggregate figures exceeding industry averages in both 2015-16 and 2017. We also noted a high percentage of income information not reported by borrowers in both periods which match industry averages for the review period as a whole.

Geographic Distribution of Loans

The geographic distribution of 1-4 family home loans reflects a reasonable dispersion of loans in the Phoenix MSA AA. Tables 3 and 3A below summarize the bank's geographic distribution of 1-4 family loans for 2015-2016 and 2017. The distribution of loans to LMI geographies exceeded aggregate industry performance for both the 2015-2016 period and 2017. Bank performance also outperformed demographic figures in all but the moderate income geographies in the 2015-2016 period in which it made 18.9 percent of its loans compared to the demographic figure of 20.7 percent.

Responses to Complaints

Bank 34 did not receive any complaints regarding its performance in meeting the credit needs of the Phoenix MSA AA during the evaluation period.

Table 2: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015-16	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Phoenix MSA, Maricopa	249	88,892	100.0	214,408	20.9	4.4	4.0	17.4	13.3	13.2	20.2	21.7	18.9	41.5	34.1	41.1	0.0	26.5	22.8	
Total	249	88,892	100.0	214,408	20.9	4.4	4.0	17.4	13.3	13.2	20.2	21.7	18.9	41.5	34.1	41.1	0.0	26.5	22.8	

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 2A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Phoenix MSA, Maricopa	131	40,364	100.0	193,600	21.8	6.9	5.0	16.9	16.8	14.6	19.2	22.1	21.2	42.2	38.9	40.1	0.0	15.3	19.2	
Total	131	40,364	100.0	193,600	21.8	6.9	5.0	16.9	16.8	14.6	19.2	22.1	21.2	42.2	38.9	40.1	0.0	15.3	19.2	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 3 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-16	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Phoenix MSA, Maricopa	249	88,892	100.0	214,408	3.6	4.0	1.8	20.7	18.9	13.7	35.8	36.1	36.9	39.9	41.0	47.3	0.0	0.0	0.4	
Total	249	88,892	100.0	214,408	3.6	4.0	1.8	20.7	18.9	13.7	35.8	36.1	36.9	39.9	41.0	47.3	0.0	0.0	0.4	

*Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 3A : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
Phoenix MSA, Maricopa	131	40,364	100.0	193,600	4.6	6.9	3.8	18.8	21.4	15.7	34.7	27.5	35.8	41.9	44.3	44.2	0.0	0.0	0.5	
Total	131	40,364	100.0	193,600	4.6	6.9	3.8	18.8	21.4	15.7	34.7	27.5	35.8	41.9	44.3	44.2	0.0	0.0	0.5	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

State Rating

State of New Mexico

CRA rating for the New Mexico: Satisfactory

- The distribution of 1-4 family home loans reflects a reasonable penetration of loans to borrowers of different income levels in the Las Cruces MSA AA and the Rural NM non MSA AA.
- The geographic distribution of 1-4 family home loans reflects a reasonable dispersion of loans in the Las Cruces MSA AA and the Rural NM non-MSA AA.

Description of Institution's Operations in New Mexico

Bank 34's operations in the state of New Mexico are split between two AAs: The Las Cruces MSA AA, and the Rural NM non-MSA AA.

The Las Cruces MSA AA is centered in the City of Las Cruces, NM and includes all of Dona Ana County. The bank maintains one branch in Las Cruces that includes an ATM. The branch offers a traditional line of lending products. The bank's primary focus is on 1-4 family mortgage lending but also provides commercial and consumer loans within the MSA.

The Rural NM AA consists of all of Otero County, NM with a single branch located in Alamogordo, NM. The branch offers a traditional line of lending products. The area includes two ATMs both in Alamogordo. The bank's primary focus is on 1-4 family mortgage lending but also provides commercial and consumer loans within the non-MSA AA.

Scope of Evaluation in New Mexico

Each of the bank's AAs in the state of New Mexico received full-scope reviews. These AAs are the Las Cruces MSA AA and the Rural NM non-MSA AA. We reviewed all of the residential 1-4 family mortgage loans originated in the review period to assess the bank's lending performance. Loans from 2015-2016 were compared to 2010 U.S. Census data and 2017 loans were compared to 2015 ACS Census data. More weight was given to the Rural NM non-MSA AA as it has the majority of deposits within the state and lending represents a larger share of the overall market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW MEXICO

LENDING TEST

Bank 34's lending test performance in New Mexico is rated "Satisfactory". The distribution of loans to low- and moderate-income borrowers reflects reasonable penetration of the Las Cruces MSA AA and Rural NM non-MSA AAs. The bank's lending practices exhibit a reasonable dispersion of loans to low- and moderate-income geographies in the New Mexico AAs.

Las Cruces MSA

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of 1-4 family loans reflects reasonable penetration of the Las Cruces MSA AA. Tables 3 and 3A below reflect the bank's lending activity to borrowers of different income levels for 2015-2016 and 2017. The bank's 1-4 family lending exceeded demographic and aggregate figures for moderate income borrowers in both periods. Lending to low income borrowers was significantly below demographics in both the 2015-2016 and 2017 periods, but was within a reasonable range of the banking industry as a whole during the evaluation period.

Geographic Distribution of Loans

The distribution of 1-4 family loans reflects reasonable dispersion of the Las Cruces MSA AA. Tables 4 and 4A below summarize the bank's geographic distribution of 1-4 family loans for 2015-2016 and 2017. The distribution of loans to low-income geographies is within a reasonable range of both the area demographics and the industry performance for both 2015-2016 and 2017. Bank lending was significantly below demographics for moderate income demographics, but fell within a reasonable range of aggregate industry averages for the review period.

Rural New Mexico non-MSA

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The distribution of 1-4 family loans reflects reasonable penetration of the Rural New Mexico non-MSA AA. Tables 5 and 5A below reflect the bank's lending activity to borrowers of different income levels for 2015-2016 and 2017. The bank's 1-4 family lending was within a reasonable range of moderate income demographics and exceeded aggregate figures both periods. Lending to low income borrowers was significantly below demographics in both 2015-2016 and 2017, but exceeded banking industry performance during the evaluation period.

Geographic Distribution of Loans

The distribution of 1-4 family loans reflects reasonable dispersion of the Rural New Mexico non-MSA AA. Tables 6 and 6A below summarize the bank's geographic distribution of 1-4 family loans for 2015-2016 and 2017. The distribution of loans to low-income geographies is within a reasonable range of both the area demographics and the industry performance for 2015-2016. Loan distribution to low income geographies in 2017 significantly underperformed area demographics, but was in line with aggregate banking industry performance. Bank lending significantly underperformed moderate income demographics and aggregate figures in the 2015-2016 period, but saw significant improvement in 2017 exceeding both the demographic and aggregate banking figures. This is in part a result of a shift in the CTs in 2017 from middle and upper income CTs to moderate and lower income CTs that benefited the bank as their lending had been primarily centered in the middle and upper income CTs in this AA.

Responses to Complaints

Bank 34 did not receive any complaints regarding its performance in meeting the credit needs of the Las Cruces MSA AA or the Rural NM non-MSA AA during the evaluation period.

Table 3: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015-16	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Las Cruces MSA Dona Ana	714	97,624	100.0	5,121	25.1	4.2	2.5	16.5	19.0	8.6	16.3	31.0	18.9	42.1	44.5	48.2	0.0	1.3	21.8	
Total	714	97,624	100.0	5,121	25.1	4.2	2.5	16.5	19.0	8.6	16.3	31.0	18.9	42.1	44.5	48.2	0.0	1.3	21.8	

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 3A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017	
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
Las Cruces MSA Dona Ana	207	29,021	100.0	4,997	25.1	1.0	2.7	15.6	22.7	11.3	16.9	30.4	19.0	42.4	45.4	49.1	0.0	0.5	17.8	
Total	207	29,021	100.0	4,997	25.1	1.0	2.7	15.6	22.7	11.3	16.9	30.4	19.0	42.4	45.4	49.1	0.0	0.5	17.8	

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Las Cruces MSA Dona Ana	714	97,624	100.0	5,121	4.6	3.4	2.8	31.6	12.0	13.1	18.1	25.1	20.6	45.7	59.5	63.5	0.0	0.0	0.0
Total	714	97,624	100.0	5,121	4.6	3.4	2.8	31.6	12.0	13.1	18.1	25.1	20.6	45.7	59.5	63.5	0.0	0.0	0.0

Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Las Cruces MSA Dona Ana	207	29,021	100.0	4,997	3.6	4.8	2.7	34.5	10.1	15.5	24.8	42.5	30.9	37.1	42.5	50.9	0.0	0.0	0.0
Total	207	29,021	100.0	4,997	3.6	4.8	2.7	34.5	10.1	15.5	24.8	42.5	30.9	37.1	42.5	50.9	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0

Table 5: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2015-16	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
NM Rural Otero County	506	73,052	100.0	1,493	20.8	6.7	5.1	17.6	15.6	9.2	22.4	22.9	15.3	39.2	51.8	36.6	0.0	3.0	33.8	
Total	506	73,052	100.0	1,493	20.8	6.7	5.1	17.6	15.6	9.2	22.4	22.9	15.3	39.2	51.8	36.6	0.0	3.0	33.8	

*Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 5A: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2017	
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
NM Rural Otero County	140	18,463	100.0	1,374	24.9	7.9	6.6	16.6	19.3	11.1	19.7	26.4	18.2	38.8	45.0	36.8	0.0	1.4	27.4	
Total	140	18,463	100.0	1,374	24.9	7.9	6.6	16.6	19.3	11.1	19.7	26.4	18.2	38.8	45.0	36.8	0.0	1.4	27.4	

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 6 : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2015-16		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
NM Rural Otero County	506	73,052	100.0	1,493	2.3	1.0	1.1	16.1	0.6	3.6	53.2	51.4	50.2	28.5	47.0	45.1	0.0	0.0	0.0		
Total	506	73,052	100.0	1,493	2.3	1.0	1.1	16.1	0.6	3.6	53.2	51.4	50.2	28.5	47.0	45.1	0.0	0.0	0.0		

*Source: 2010 U.S Census; 01/01/2015 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Table 6A : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2017		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
NM Rural Otero County	140	18,463	100.0	1,374	14.5	7.1	7.0	15.6	20.0	12.4	45.3	32.1	40.7	24.6	40.7	40.0	0.0	0.0	0.0		
Total	140	18,463	100.0	1,374	14.5	7.1	7.0	15.6	20.0	12.4	45.3	32.1	40.7	24.6	40.7	40.0	0.0	0.0	0.0		

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0*

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD loans): (01/01/2015 to 12/31/2017) Investment and Service Tests and CD Loans: N/A	
Financial Institution	Products Reviewed	
Bank 34, Alamogordo, NM	1-4 family residential real estate	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i>		
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Arizona Phoenix MSA #38060	Full-Scope	
New Mexico Las Cruces MSA #29740 NM Rural non-MSA	Full-Scope Full-Scope	

Appendix B: Summary of State Ratings

RATINGS		BANK '34
Overall Bank:		Lending Test Rating
BANK 34		Satisfactory
State Ratings:		
ARIZONA		Satisfactory
NEW MEXICO		Satisfactory

Appendix C: Community Profiles for Full-Scope Areas

State of Arizona

Phoenix MSA AA

2015-2016 Phoenix MSA

Demographic Information for Full Scope Area: 2015- 2016 Phoenix MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	9.39	23.91	31.99	33.62	1.09
Population by Geography	3,817,117	8.42	24.46	33.25	33.69	0.18
Owner-Occupied Housing by Geography	916,515	3.61	20.72	35.75	39.90	0.02
Business by Geography	313,943	6.51	15.38	29.41	48.12	0.57
Farms by Geography	5,938	5.46	15.54	31.98	46.60	0.42
Family Distribution by Income Level	913,798	20.93	17.44	20.15	41.48	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	350,618	13.75	36.07	32.18	18.00	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		64,408 62,900 12%	Median Housing Value Unemployment Rate (2010 US Census)		258,903 3.48%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

2017 Phoenix MSA

Demographic Information for Full Scope Area: 2017 Phoenix MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	916	11.46	22.49	31.22	33.41	1.42
Population by Geography	4,018,143	11.08	22.91	31.29	34.41	0.31
Owner-Occupied Housing by Geography	875,327	4.55	18.85	34.68	41.90	0.03
Business by Geography	331,732	6.55	16.20	28.22	48.47	0.55
Farms by Geography	6,323	5.77	18.90	29.24	45.71	0.38
Family Distribution by Income Level	945,115	21.77	16.87	19.18	42.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	365,207	18.30	32.46	30.84	18.36	0.04
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		63,686 66,200 14%	Median Housing Value Unemployment Rate (2015 ACS US Census)		203,811 3.79%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Phoenix MSA is located in Maricopa County. Bank 34 has two full service branches in Arizona, both located in Maricopa County.

As of 2017, the MSA has a total of 916 CTs: 105 low-income; 206 moderate-income; 286 middle-income; 306 upper-income, and 13 other. The population of the area totals 4,018,143. Owner occupied houses total 875,327, of which 77 percent are located in middle to upper income CTs and 23 percent are located in low- to moderate- income tracts. Households below poverty level are 14 percent. The median housing value in the MSA is \$203,811 and the median family income is \$63,686. The unemployment rate for the MSA is relatively low at 3.79 percent.

The Phoenix MSA local economy continues to grow. The MSA has experienced significant population and job growth. The local industries including healthcare, hospitality, retail and construction, comprise two-thirds of the net new hiring. In addition, the MSA is potentially being considered as a hub for large-scale expansions and relocations of back-office finance and business services. As part of this growth, housing is also expected to increase, creating more jobs and assisting in the growth of the economy. A community contact conducted in the area indicated positive economic conditions and an improving economic direction. The contact indicated the community's banking needs are being met by the local banking industry.

State of New Mexico

Las Cruces MSA AA

2015-2016 Las Cruces MSA

Demographic Information for Full Scope Area: 2015-2016 Las Cruces MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	9.76	39.02	17.07	34.15	0.00
Population by Geography	209,233	9.56	34.48	18.17	37.79	0.00
Owner-Occupied Housing by Geography	47,015	4.58	31.65	18.07	45.70	0.00
Business by Geography	8,676	9.37	26.91	17.80	45.92	0.00
Farms by Geography	373	4.02	44.24	12.06	39.68	0.00
Family Distribution by Income Level	50,020	25.10	16.55	16.27	42.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	20,830	12.31	48.09	14.93	24.68	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		43,184 44,700 23%	Median Housing Value Unemployment Rate (2010 US Census)		138,556 3.83%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

2017 Las Cruces MSA

Demographic Information for Full Scope Area: 2017 Las Cruces MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	41	7.32	39.02	31.71	21.95	0.00
Population by Geography	213,963	7.72	36.04	26.43	29.80	0.00
Owner-Occupied Housing by Geography	48,445	3.65	34.49	24.76	37.10	0.00
Business by Geography	8,876	7.50	34.63	24.45	33.42	0.00
Farms by Geography	372	1.61	41.94	29.03	27.42	0.00
Family Distribution by Income Level	51,781	25.08	15.56	16.93	42.43	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	21,043	9.26	49.59	25.39	15.76	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		45,044 46,900 25%	Median Housing Value Unemployment Rate (2015 ACS US Census)		143,830 5.43%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Las Cruces MSA AA was included as one of the two full-scope areas reviewed for the State of New Mexico. The area is made up of a single county, Dona Ana, in southern New Mexico and includes the MSA of Las Cruces. The MSA AA consists of 41 CTs: three low-income; 16 moderate-income; 13 middle-income; and nine upper-income as of 2017. Bank 34

operates one of its four branch locations in this AA located in the city of Las Cruces. The population of the area totals 213,963 as of year-end 2017, with a median family income of \$45,044 and unemployment of 5.43 percent. Households below the poverty level are 25 percent. Owner-occupied housing totaled 48,445 households of which 62 percent are middle- to upper-income CTs and 38 percent are low- to moderate-income CTs.

Las Cruces and Dona Ana County's primary economic drivers are secondary education, defense spending, and as a retirement destination. Las Cruces is home to New Mexico State University (NMSU). The largest employers in the area include Las Cruces Public Schools, NMSU, and White Sands Missile range. The local economy is in a recovery from recent job losses primarily in state and local government. Many job losses have been at NMSU which has been hindered by declining college demographics in the state. Additionally the state has undergone fiscal tightening as costs for Medicaid and state pensions continue to grow. Las Cruces also has a high proportion of federal employment with its proximity to White Sands Missile range and other federal agencies and these areas have seen employment declines since 2011, lessening their impact on the area's recovery.

New Mexico Rural non-MSA AA

2016 NM Rural Otero County

Demographic Information for Full Scope Area: 2016 NM Rural Otero County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	6.25	12.50	56.25	25.00	0.00
Population by Geography	63,797	2.50	21.25	50.99	25.27	0.00
Owner-Occupied Housing by Geography	16,234	2.25	16.07	53.20	28.47	0.00
Business by Geography	2,506	12.01	8.82	50.56	28.61	0.00
Farms by Geography	112	1.79	7.14	66.07	25.00	0.00
Family Distribution by Income Level	16,809	20.78	17.60	22.41	39.21	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	6,452	4.01	28.74	51.02	16.23	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2016 Households Below Poverty Level		46,354 50,700 18%	Median Housing Value Unemployment Rate (2010 US Census)		108,189 3.68%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2016 FFIEC updated MFI

2017 NM Rural Otero County

Demographic Information for Full Scope Area: 2017 NM Rural Otero County						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	12.50	25.00	43.75	18.75	0.00
Population by Geography	65,318	17.31	19.92	41.45	21.32	0.00
Owner-Occupied Housing by Geography	15,218	14.47	15.62	45.26	24.65	0.00
Business by Geography	2,538	18.56	21.20	35.66	24.59	0.00
Farms by Geography	111	9.91	17.12	56.76	16.22	0.00
Family Distribution by Income Level	15,586	24.94	16.63	19.66	38.77	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	6,479	22.55	26.38	37.43	13.64	0.00
Median Family Income FFIEC Adjusted Median Family Income for 2017 Households Below Poverty Level		49,356 52,300 20%	Median Housing Value Unemployment Rate (2015 ACS US Census)		106,540 4.94%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2015 ACS US Census and 2017 FFIEC updated MFI

The Rural NM non-MSA AA was the second full scope AA reviewed for the state of New Mexico. The AA is made up of a single county, Otero, in southern New Mexico and includes the City of Alamogordo where the bank operates one of its four branch locations. The AA consists of 16 CTs: two low-income; four moderate-income; seven middle-income; and three upper-income as of 2017. The population of the area totals 65,318 as of year-end 2017 with a median family income of \$52,300 and unemployment of 4.94 percent. Households below the

poverty level are 20 percent. Owner occupied houses total 15,218 of which 70 percent are middle- to upper-income CTs and 30 percent are in low- to moderate-income CTs.

The primary economic drivers in Otero County are retail trade, educational services, healthcare and social assistance, and public administration. The largest employers in the area include the Inn of the Mountain Gods Resort and Casino, Wal-Mart, and the Gerald Champion Regional Medical Center. The Holloman Airforce base is also a major employer in the county located near the city of Alamogordo. Economic conditions in the area have followed the statewide rural area trend of flattening wages and no consumer demand growth. New Mexico continues to have the poorest rural areas in the U.S.