



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

May 8, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Pioneer Bank

Charter Number 700450

3000 North Main Street
Roswell, NM 88201-6676

Office of the Comptroller of the Currency

Independence Plaza
1050 17th Street
Suite 1500
Denver, CO 80265-1050

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

Institution's CRA Rating: This institution is rated **Outstanding**.

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

The Lending Test rating is based on:

- The bank originated a substantial majority of its loans inside its assessment area (AA).
- The bank's loan to deposit ratio is reasonable and meets the standard for satisfactory performance.
- The borrower distribution reflects a reasonable distribution of loans to small businesses in the AA.
- The geographic distribution reflects a reasonable distribution of lending across geographies of different income levels.

The Community Development (CD) Test rating is based on:

- The bank's community development lending represents excellent responsiveness to the needs of the combined AAs.
- The bank's community development investments and donations represent excellent responsiveness to the needs of the combined AAs.
- The bank's community development services represent excellent responsiveness to the needs of the combined AAs.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and the credit needs of the AAs, the bank's loan-to-deposit (LTD) ratio is reasonable.

Pioneer Bank's LTD ratio as of December 31, was 60.4 percent. The bank's average quarterly LTD ratio is 63.0 percent from March 31, 2020, through December 31, 2021. During the same period, similarly situated banks averaged 62.7 percent with quarterly averages ranging from a high of 70.9 percent to a low of 58.2 percent. Pioneer Bank's LTD over this period ranged from a high of 66.4 percent to a low of 57.6 percent. Similarly situated banks have comparable asset sizes, operate in the same geographies, and have a comparable number of branches. The LTD ratio is calculated on a bank wide basis.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its assessment areas (AAs).

Pioneer Bank originated and purchased 80 percent of its total loans inside the bank's AAs during the evaluation period. This analysis is performed at the bank, rather than the AA level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

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		
	#	%	#	%		\$	%	\$	%	
Small Business	32	80	8	20	40	15,592	77.2	4,559	22.8	20,192
Total	32	80	8	20	40	15,592	77.2	4,559	22.8	20,192

Description of Institution

Pioneer Bank is a federally chartered stock thrift, headquartered in Roswell, NM. The bank is a single state institution serving the state of New Mexico with a total asset size of \$991 million as of December 31, 2021. The bank is wholly owned by its Holding Company, Pioneer Bancorp, Inc. and does not have any other affiliates.

Pioneer Bank's rating area is in southeastern New Mexico. It is made up of two contiguous AAs; the Las Cruces MSA AA consisting of Dona Ana County, and the Rural NM AA consisting of Chaves, Eddy, Lea, Lincoln, and Otero counties. The bank operates 12 branches with three branches in Las Cruces, four branches in Roswell, one branch in Alamogordo, one branch in Carlsbad, two branches in Hobbs, and one branch in Ruidoso. The bank has 21 ATMs in the two AAs: 17 ATMs located at branches, 14 deposit taking, three non-deposit taking; and four standalone ATMs: two deposit taking, and two non-deposit taking.

As of December 31, 2021, the bank's net loans totaled \$486.4 million or 49.1 percent of total assets. The loan portfolio is primarily comprised of real estate loans totaling \$368.9 million or 75.8 percent of net loans. Commercial loans total \$114.3 million and individual loans total \$8.3 million. The bank maintains a satisfactory capital position with capital totaling \$91.5 million and a tier 1 leverage ratio of 9.4 percent as of December 31, 2021.

Pioneer Bank's primary strategic focus continues to be to increase commercial lending. The bank has increased concentrations in construction and development loans through loan originations and participations purchased. The bank continues to offer residential real estate and consumer loan products to its customers but to a lesser degree than previous years.

The Office of the Comptroller of the Currency's (OCC) previous CRA examination was April 6, 2020, where Pioneer Bank received overall "Satisfactory" rating. There were no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA during the evaluation period.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test included loan originations from January 1, 2020, through December 31, 2021. The evaluation period was shortened from 3 years to 2 years due to a lack of available comparable small business loan data for 2022 at the time of the examination. We determined the primary loan product for the lending test by determining the highest concentration of loans by number and dollar volume for the evaluation period. Our review found commercial loans represented the highest concentration by both number and dollar volume for the evaluation period.

The evaluation period for the CD Test similarly included activity from January 1, 2020, through December 31, 2021, due to the shortened evaluation period for the lending test. The CD Test included an evaluation of the institutions CD lending, services, and investment activities during the evaluation period. Due to the shortened evaluation period, the amount of CD activity will be evaluated relative to the 2-year evaluation period as opposed to a normal 3-year evaluation period.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank’s overall rating is based on its combined performance in its two AAs. The performance in the Rural NM AA was weighted more heavily in the overall conclusion as it represented a greater percentage of the bank’s overall deposit base with 92 percent of total deposits as of June 30, 2021. The state rating is also based on performance in all bank AAs. Additionally, the bank’s Community Development activity was weighted more heavily in the Overall Rating due to the bank’s significant contribution of community development loans, investments, and services during the evaluation period. Though the Lending Test is rated satisfactory overall, the overwhelming level of community development activity including 1,654 hours of services, \$17.6 million or 19.2 percent of tier 1 capital in investments, and \$35.5 million or 38.8 percent of tier 1 capital in loans represents a significant contribution to the community supporting an outstanding overall rating.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, 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.

State Rating

State of New Mexico

CRA rating for the State of New Mexico: Outstanding

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Outstanding

The major factors that support this rating include:

- The geographic distribution reflects a reasonable distribution of commercial loans across geographies of different income levels within the bank's combined AA.
- The borrower distribution reflects a reasonable distribution of lending to businesses of different sizes within the banks AA.
- Pioneer bank demonstrated excellent responsiveness to the needs of the bank's AA through community development loans, community development investments, and community development services.

Description of Institution's Operations in New Mexico

Pioneer Bank's operations in the state of New Mexico are primarily focused on commercial lending after shifting away from a focus on mortgage lending in 2018. The bank continues to offer a traditional line of banking and lending products. Pioneer Bank operates 12 branches and 21 ATMs in its combined AAs. Bank operations are divided into two AA: Las Cruces MSA (Dona Ana County) and the New Mexico Rural AA (Chaves, Eddy, Lea, Lincoln, and Otero Counties).

Pioneer Bank ranks fifth in the Las Cruces MSA AA for total deposit market share with 4.7 percent of deposits totaling \$143.7 million as of June 30, 2021. The institution faces heavy competition in the area with 17 other institutions in the market including Wells Fargo, Citizens Bank of Las Cruces, Bank of America, and First American Bank.

Pioneer Bank ranks third in the Rural New Mexico AA for total deposit market share with 10.9 percent of total deposits totaling \$634.0 million as of June 30, 2021. The institution faces heavy competition in this AA as well with a total of 16 other institutions including Wells Fargo Bank, First American Bank, CNB Bank, and Western Commerce Bank.

Pioneer faces heavy lending competition in the Las Cruces MSA with competitors such as Wells Fargo, American Express, and Citibank, who combined hold 43.5 percent market share of small business loans in the AA. Similarly, the Rural NM AA has heavy lending competition with the same three banks topping the small business lending in the area and holding a 40.8 percent market share.

Community Contact:

In conjunction with the examination, examiners reviewed community contact details from a contact working at an agency providing financing to small businesses in the greater statewide region of NM. The contact described the overall economic conditions as of 2021 noting a period of low unemployment

and high inflation. The contact also noted some small businesses have performed better than normal economic conditions, but some businesses have not been able to survive the pandemic. The contact noted opportunities for institutions include financial literacy and education for business owners and participation in the Paycheck Protection Program (PPP) loan programs. The contact indicated the community banks have been working hard to help their communities during these difficult times. Especially with new clients to offer them support to keep their businesses open.

A second community contact reference provided details related to the Eddy County portion of the Rural NM AA. The contact discussion points outlined details of the local economy in 2020 noting Eddy County has the most active oil rigs in the country and the activity is half of what it was in January 2020. However, the area is diverse, and agriculture is performing well. Hotels are down to 40 percent occupancy which has hurt the tourism sector of the local economy. The county is also struggling to keep up with housing demand. Discussion points went on to note local banks were active in SBA program loans, and PPP loans. Opportunities for participation by local financial institutions include providing micro-loan products for small businesses and entrepreneurs and to continue to actively support economic development programs.

Las Cruces MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Las Cruces MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	7.3	39.0	31.7	22.0	0.0
Population by Geography	213,963	7.7	36.0	26.4	29.8	0.0
Housing Units by Geography	83,586	7.1	33.0	26.9	33.0	0.0
Owner-Occupied Units by Geography	48,445	3.6	34.5	24.8	37.1	0.0
Occupied Rental Units by Geography	26,317	13.5	29.6	31.5	25.4	0.0
Vacant Units by Geography	8,824	6.9	35.2	25.3	32.7	0.0
Businesses by Geography	14,145	6.7	31.3	25.3	36.7	0.0
Farms by Geography	528	2.7	33.0	32.8	31.6	0.0
Family Distribution by Income Level	51,781	25.1	15.6	16.9	42.4	0.0
Household Distribution by Income Level	74,762	25.2	16.5	16.1	42.2	0.0
Median Family Income MSA - 29740 Las Cruces, NM MSA		\$45,044	Median Housing Value			\$143,830
			Median Gross Rent			\$710
			Families Below Poverty Level			22.1%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

New Mexico Non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Rural NM AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	67	3.0	14.9	47.8	34.3	0.0
Population by Geography	274,850	4.1	13.8	46.1	36.0	0.0
Housing Units by Geography	123,595	3.7	11.9	51.8	32.6	0.0
Owner-Occupied Units by Geography	67,480	3.3	10.9	47.0	38.8	0.0
Occupied Rental Units by Geography	30,176	2.7	17.1	47.5	32.7	0.0
Vacant Units by Geography	25,939	5.9	8.5	69.2	16.4	0.0
Businesses by Geography	20,395	3.1	9.5	47.7	39.7	0.0
Farms by Geography	798	2.1	7.8	49.4	40.7	0.0
Family Distribution by Income Level	67,884	19.3	15.4	18.1	47.2	0.0
Household Distribution by Income Level	97,656	20.9	14.3	16.1	48.7	0.0
Median Family Income Non-MSAs - NM		\$49,356	Median Housing Value			\$120,162
			Median Gross Rent			\$770
			Families Below Poverty Level			13.9%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

Scope of Evaluation in New Mexico

We performed a full-scope review of each of Pioneer Banks two AAs in the State of NM.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NEW MEXICO

LENDING TEST

The bank's performance under the Lending Test in New Mexico is rated Satisfactory.

Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, the bank's lending performance in the state of New Mexico is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Small Loans to Businesses

Refer to Table Q in appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

Our review of commercial loan originations found a reasonable geographic distribution to low- and moderate-income census tracts in the combined AA. Lending in the Las Cruces MSA was in line with the percentage of businesses and aggregate lending figures in the low-income census tracts but is below the percentage of businesses and aggregate lending figures in the moderate-income census tract. Lending in the Rural NM AA is below the low-income census tracts and exceeds moderate-income CT in both the percentage of businesses and aggregate lending figures. The combined performance of small business lending to low- and moderate-income census tracts in the Rural NM AA is reasonable. In aggregate, the geographic distribution of the combined AAs is reasonable.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to businesses of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table R in appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

Our review of small business loan originations found a reasonable distribution of bank loans to small businesses in the combined AA. Lending in the Las Cruces MSA was significantly below both the census demographics and aggregate lending figures for businesses with revenues under \$1 million. Lending in the Rural NM AA was significantly below census demographics and exceeded aggregate lending figures for businesses with revenues less than \$1 million. In aggregate, based on the heavier weight given to the Rural NM AA, the bank's distribution of loans to businesses of different sizes is reasonable. Instances where business revenue was not available was due to the information not being collected on certificate of deposit secured loans.

Responses to Complaints

Pioneer Bank did not receive any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the state of New Mexico is rated Outstanding.

Conclusions for Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits excellent responsiveness to the community development needs in the state through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment areas.

Number and Amount of Community Development Loans

The CD Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The bank's CD lending activity is primarily comprised of SBA PPP loans made in response to the COVID-19 pandemic. During the evaluation period the bank made a total of 760 loans under the SBA PPP to its AA and the greater statewide area, totaling approximately \$66.5 million. These loans helped to stabilize the local economies during the Covid-19 pandemic and in part benefited small businesses. Some of these loans qualified for CD credit. In addition, the bank made 3 additional CD loans totaling \$3.1 million. The details of the qualifying loans are outlined in the AA details below.

<i>Community Development Loans</i>				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Las Cruces MSA	120	33.4	17,304	48.7
Rural NM AA	239	66.6	18,210	51.3
Total	359	100.0	35,514	100.0

Rural NM AA

In 2021 the bank originated 186 PPP loans totaling \$12.7 million or 13.9 percent of tier 1 capital; these loans generally qualify as disaster assistance under the OCC's June 2020 rule which was in effect during part of the bank's evaluation period. In 2020 the bank originated 43 PPP loans totaling \$1.6 million or 1.7 percent of tier 1 capital to small business in low- and moderate-income and middle-income distress census tracts which qualify for CD credit. In addition to the PPP loans qualifying for CD credit, the bank had 10 loans individually qualifying for CD credit totaling \$3.9 million or 4.2 percent of tier 1 capital which included:

- Loans exceeding \$3 million to regional medical providers primarily serving LMI individuals,
- A loan of \$167,000 to a local shelter for homeless teens and at-risk youth.

Las Cruces MSA

In 2021 the bank originated 76 PPP loans totaling \$4.1 million or 4.5 percent of tier 1 capital; these loans generally qualify as disaster assistance under the OCC's June 2020 rule which was in effect during part of the bank's evaluation period. In 2020 the bank originated 38 PPP loans totaling \$1.4 million or 1.5 percent of tier 1 capital to small business in low- and moderate-income and middle-income distress census tracts which qualify for CD credit. In addition to the PPP loans qualifying for CD the bank originated 6 loans individually qualifying for CD credit totaling \$11.9 million or 13.0 percent of tier 1 capital which included:

- A total of \$2 million in ongoing funding for LMI housing,
- A \$1.5million loan to a health care provider serving LMI children,
- A \$6.2 million loan to a regional health care center serving primarily LMI individuals.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Las Cruces MSA	0	0	10	3,546	10	20.0	3,546	20.2	0	0
Rural NM AA	0	0	38	10,202	38	76.0	10,202	58.0	0	0
NM State	0	0	2	3,841	2	4.0	3,841	21.8	0	0
Total	0	0	50	17,589	50	100.0	17,589	100.0	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Pioneer Bank's qualified investments demonstrate excellent responsiveness to the needs of the combined AA with investments and donations totaling \$13.7 million or 15.0 percent of tier 1 capital. Based on the bank's satisfactory performance to its AA, we also included investments to the greater statewide region totaling \$3.8 million in the overall assessment bringing the total qualified investments to \$17.6 million or 19.2 percent of tier 1 capital. The bank's CD investments include:

- A \$8.2 million bond investment to fund a qualified low-income housing project.

In addition, Pioneer Bank made direct contributions totaling \$35,000 to LMI organizations including Big Brothers/Big Sisters, United Way, and The Salvation Army. The bank also made additional contributions in the form of scholarships and sponsorships demonstrating their commitment to the community, however these donations did not meet the qualifications for community development credit.

Extent to Which the Bank Provides Community Development Services

Pioneer Bank's CD services demonstrated excellent responsiveness to the needs of the combined AA. Bank staff participated in a total of 1,654 hours of qualified CD services from January 1, 2020, to December 31, 2021, with 506 hours in the Las Cruces MSA AA and 1,149 hours in the NM Non-MSA AA. CD services were concentrated in activities that supported economic development and revitalization efforts through chambers of commerce and MainStreet Roswell (Chaves County). There were also significant hours contributed to the local Big Brothers/Big Sisters Mountain Region, Boys & Girls Club of Chaves & Lincoln Counties, and the Royal Family Kids of Roswell. These organizations provide various meaningful services targeted to LMI individuals.

Pioneer Bank's retail services are accessible to all segments of the community including LMI individuals and geographies. The bank maintains 2 branches located in low-income census tracts and one in a moderate-income census tract. The bank offers regular lobby and drive-up hours including limited hours of operation on Saturday. Traditional banking and lending products are available including free checking accounts and lending products targeted to small businesses including Small Business Administration (SBA) financing, NM Collateral Assistance Program, and FHLB Small Business Boost Program.

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 MSA(s) and non-MSA(s) 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:	(01/01/2020 to 12/31/2021)	
Bank Products Reviewed:	Lending Test – Commercial lending Community Development Test - Community development loans, qualified investments, community development services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
State		
New Mexico		
Las Cruces MSA AA	Full Scope	
Rural NM AA	Full Scope	More heavily weighted based on higher percentage of total deposits in AA

Appendix B: Summary of State Ratings

RATINGS			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State
Pioneer Bank	Satisfactory	Outstanding	Outstanding
State:			
New Mexico	Satisfactory	Outstanding	Outstanding

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents aggregate peer data for the years the data is available. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2020-21
Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Las Cruces MSA	40	16,663	50	3,114	6.7	5.0	4.5	30.0	27.5	34.5	25.3	32.5	26.1	36.7	35.0	34.8	0.0	0.0	0.0
Rural NM AA	40	12,159	50	4,221	3.1	0.0	3.6	9.5	15.0	10.4	47.7	52.5	44.7	39.7	32.5	41.4	0.0	0.0	0.0
Total	80	28,822	100	7,335	4.6	2.5	4.0	18.4	21.3	20.6	38.5	41.3	36.8	38.5	35.0	38.6	0.0	0.0	0.0
Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%																			

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2020-21
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Las Cruces MSA	40	16,663	50	3,114	85.5	30.0	48.8	3.3	65.0	11.2	5.0
Rural NM AA	40	12,159	50	4,221	82.6	60.0	41.4	4.2	37.5	13.2	2.5
Total	80	28,822	100	7,335	83.8	45.0	44.5	3.8	51.3	12.4	3.7
Source: 2021 D&B Data; 01/01/2020 - 12/31/2021 Bank Data; 2021 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%											

The total loan amount presented in the tables for each assessment area may differ from the total loan amount reported in the aggregate table due to how the underlying loan data is rounded in each table.