



Financial Institutions Division

2016 Annual Report

New Mexico Regulation and Licensing Department





New Mexico
Financial Institutions
Division

Regulation and Licensing

**THE MISSION OF THE
FINANCIAL INSTITUTIONS
DIVISION IS TO LICENSE AND
REGULATE FINANCIAL
ENTITIES WITHIN ITS
JURISDICTION; TO PROMOTE
A SOUND FINANCIAL AND
ECONOMIC ENVIRONMENT
AND TO SAFEGUARD
CONSUMER RIGHTS.**

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New Mexico

Financial Institutions

Division

Regulation and Licensing

Executive Staff

Christopher Moya	Acting Director
Kevin Graham	Division Attorney
Rebecca Moore	Bank Industry Manager
David Gee	Credit Union Industry Manager
Joe Cruz	Mortgage Industry Manager
David Mora	Consumer Industry Manager
Jeff Hagemann	Chief Examiner
Maya Otero	Office Manager

Bank Examiners

Nick Kost
Juan Pablo Trevizo
Roy Caton
Erica Gallegos
Louisa Dean

Mortgage Examiners

Guy Petit-Clerc
Isaac Garcia
Lori Roybal
Randall Rockett
Crytal Clearwater
Abiola Adetunji

Credit Union Examiners

Aldo Rivali
Ginger Mitchell
David Shelton

Small Loan Examiners

Melissa Baca
Vicky DeAgüero
Eric Valdez

Licensing Staff

Michelle Medina
Johanna Sandoval

Historical Review

The First Annual Report of the State Banking Department was submitted in 1912, by authority under Section 3, Chapter 61, Laws of 1912. The individual submitting the report held the title "Traveling Auditor and Bank Examiner."

The title has changed several times over the years from State Bank Examiner to Commissioner to the current title of Director.

Listed below are the State Bank Examiners, Commissioners and Directors of Banking from 1915 to current.

Name	Title	Term Served
R. H. Carter	State Bank Examiner	1915 – 1918
George H. Van Stone	State Bank Examiner	1918 – 1920
James B. Read	State Bank Examiner	1920 – 1923
Langdon B. Gregg	State Bank Examiner	1923 – 1925
Woodlan P. Saunders	State Bank Examiner	1925 – 1926
Lawrence A. Tamm	State Bank Examiner	1926 – 1931
John Bingham	State Bank Examiner	1931 – 1934
Woodlan P. Saunders	State Bank Examiner	1934 – 1939
Nolan P. Walte	State Bank Examiner	1939 – 1941
Woodlan P. Saunders	State Bank Examiner	1941 – 1951
Alfred W. Kaune	State Bank Examiner	1951 – 1954
Woodlan P. Saunders	State Bank Examiner	1954 – 1955
Frank F. Weddington	State Bank Examiner	1955 – 1960
Joseph B. Grant	State Bank Examiner	1960 – 1961
Keith B. Moore	State Bank Examiner	1961 – 1963
Arthur Atherton	Commissioner of Banking	1963 - 1963
W. J. Upton	Commissioner of Banking	1963 – 1967
Charles F. McConnell	Commissioner of Banking	1967 – 1968
Grant O. Brumlow	Commissioner of Banking	1968 – 1970
S. L. Sanders	Commissioner of Banking	1970 – 1971
Roy W. Davidson	Commissioner of Banking	1971 – 1975
Herbert H. Hughes	Commissioner of Banking	1975 – 1977
Arthur L. Ortiz	Commissioner of Banking	1977 – 1981
A. M. Swarthout	Director	1981 – 1983
Richard C. Bosson	Director	1983 – 1984
Mary M. McNerny	Director	1984 – 1986
James W. Stretz	Director	1986 – 1988
Kenneth J. Carson, Jr.	Director	1988 – 1993
Robert I. LaGrange	Director	1993 - 1994
William J. Verant	Director	1995 – 2010
Cynthia Richards	Director	2011 - 2016
Christopher Moya	Acting Director	2016- current

Executive Staff



Christopher Moya

Acting Director



Kevin Graham

Division Counsel



Rebecca Moore

Bank Industry Manager



Jeff Hagemann

Chief Examiner



David Gee

Credit Union Industry Manager



David Mora

Consumer Area Industry Manager



Joe Cruz

Mortgage & Escrow Industry Manager



Maya Otero

Office Manager

Institutions Regulated by the Financial Institutions Division

	12/31/2016	12/31/2015
State Chartered Banks	32	32
Small Loan Companies	673	711
Motor Vehicle Sales Finance Companies	271	282
Credit Unions	20	21
Collection Agencies	576	566
Collection Agency Manager's License's	576	569
Collection Agency Branches	384	354
Repossessor's	50	53
Money Order Principals	23	21
Money Order Agents	841	897
Endowed Care Cemeteries	17	17
Licensed Mortgage Loan Companies	389	379
Licensed Mortgage Loan Branches	779	656
Licensed Mortgage Loan Originators	6,041	4,919
Escrow Companies	35	33
Trust Companies	9	9
Loan Production Offices	11	11
Money Transmitters	49	0
Check Cashers	5	0
Currency Exchangers	0	0
MSB Authorized Delegates	3,931	0
TOTAL	<u>14,713</u>	<u>9,529</u>

Revenues

General Fund	FY 2016	FY 2015
Consumer Area	\$1,640,864	\$1,794,238
Banks & Trusts	\$1,536,409	\$1,586,664
Credit Unions	\$392,248	\$367,961
Other: Copying fees & Application Packets	\$698	\$392
GENERAL FUND TOTAL	<u>\$3,571,220</u>	<u>\$3,749,255</u>
Mortgage Regulatory Fund (MRF)	FY 2016	FY 2015
Mortgage Loan Company Licensing	\$235,900	\$233,750
Mortgage Loan Company Branch Licensing	\$485,400	\$382,050
Mortgage Loan Originator Licensing	\$1,784,100	\$1,176,800
MRF TOTAL	<u>\$2,505,400</u>	<u>\$1,782,800</u>
TOTAL REVENUES	<u>\$6,076,620</u>	<u>\$5,532,055</u>

Activity Conducted By Financial Institutions Division for Year 2016

Charters, Permits, Certificates or Licenses:	12/31/2016	12/31/2015
New Escrow Companies	5	2
New Banks	0	1
New Bank Branches	1	1
New ATM Permits	0	0
New Savings & Loan Associations	0	0
New Small Loan Companies	32	99
New Motor Vehicle Sales Finance Companies	9	55
New Credit Unions	0	0
New Collection Agencies	57	62
New Managers for Collection Agencies	60	72
New Collection Agency Branches	65	70
New Repossessors	4	12
New Money Order Principals	0	1
New Money Order Agents	0	42
New Endowed Care Cemeteries & Mausoleums	1	0
New Trust Companies	0	0
New Mortgage Loan Companies	40	21
New Mortgage Branches	226	228
New Mortgage Loan Originators	1,879	1,421
New Loan Production Offices	0	0
New Money Transmitter	49	0
New Check Cashier	5	0
New Currency Exchanger	1	0
New Authorized Delegates Money Services Business	3,931	0
TOTAL	<u>6,365</u>	<u>2,087</u>

Renewals:	12/31/2016	12/31/2015
Escrow Companies	32	31
Small Loan Companies	668	633
Motor Vehicle Sales Finance Companies	217	265
Collection Agency Licensees	526	512
Collection Agency Manager's License's	525	509
Repossessors	44	41
Money Order Principals	21	20
Money Order Agents	870	859
Endowed Care Cemeteries & Mausoleums	15	17
Licensed Mortgage Loan Companies	280	370
Mortgage Branches	512	520
Mortgage Loan Originators	3,538	3,014
TOTAL	7,248	6,791

Examinations:	12/31/2016	12/31/2015
Escrow Companies	7	10
Banks	14	14
Small Loan Companies	677	666
Credit Unions	16	21
Trust Companies	6	4
Licensed Mortgage Loan Companies	32	28
Licensed Mortgage Loan Branches	40	72
TOTAL	792	815

Consumer Complaints:	12/31/2016	12/31/2015
Banks	1	4
Credit Unions	18	13
Escrow Companies	6	7
Small Loan Licenses	8	1
Motor Vehicle Sales Finance Companies	1	2
Collection Agencies	4	6
Repossessors	0	0
Money Order Principals	0	0
Money Order Agents	0	0
Endowed Care Cemeteries & Mausoleums	1	1
Licensed Mortgage Loan Companies	9	12
TOTAL	48	46

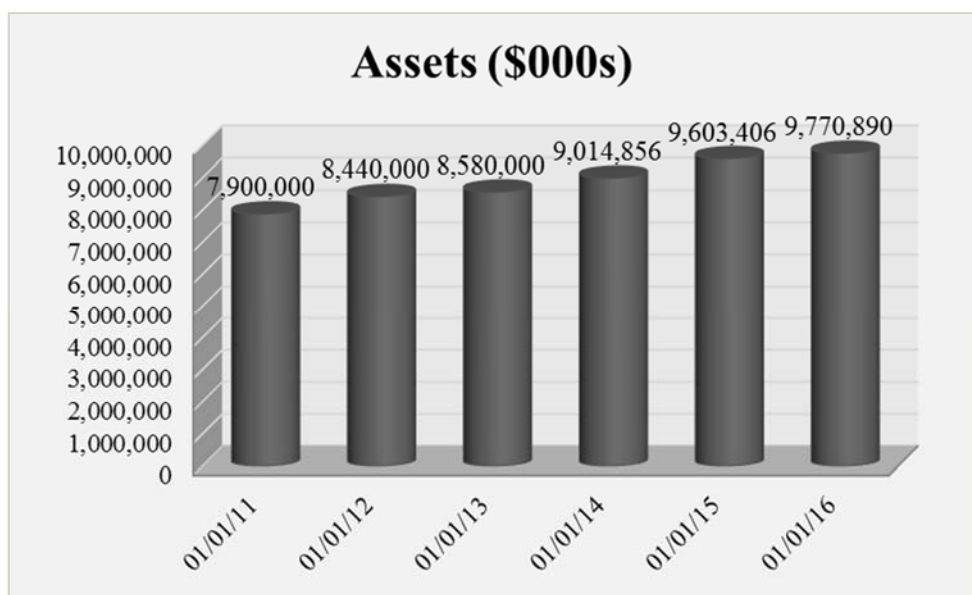


New Mexico State Chartered Banks

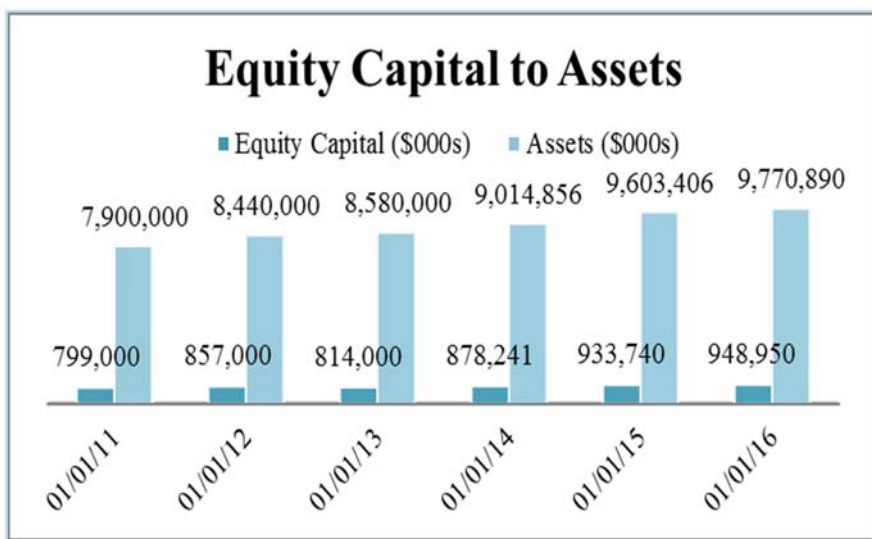
Bank Commentary

Assets and Equity Capital

New Mexico state chartered banks continue to experience asset growth, with levels now nearing pre-recession levels. Banks are searching for quality loans and reaching out to new niche markets in order to increase growth and profitability.



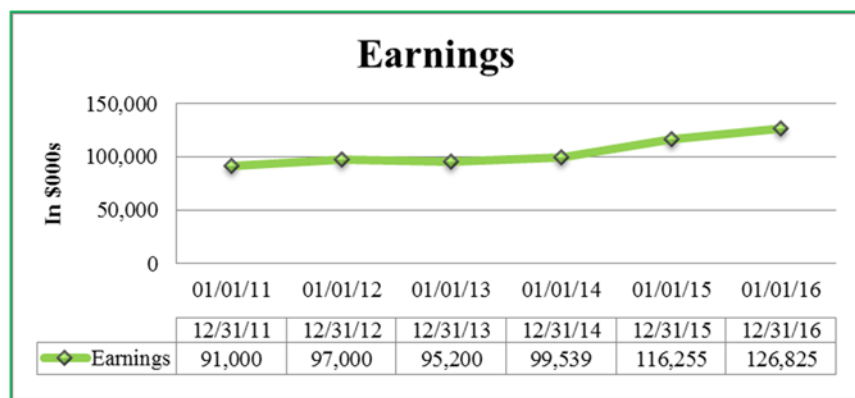
Asset growth continues to outpace that of Equity Capital. The percentage of equity capital to assets has declined another basis point during 2016 to 9.71%. This is down from a high of over 10% in 2011 and 2012. Increased profitability has had a positive impact with regard to internal capital formation through retained earnings.



Earnings

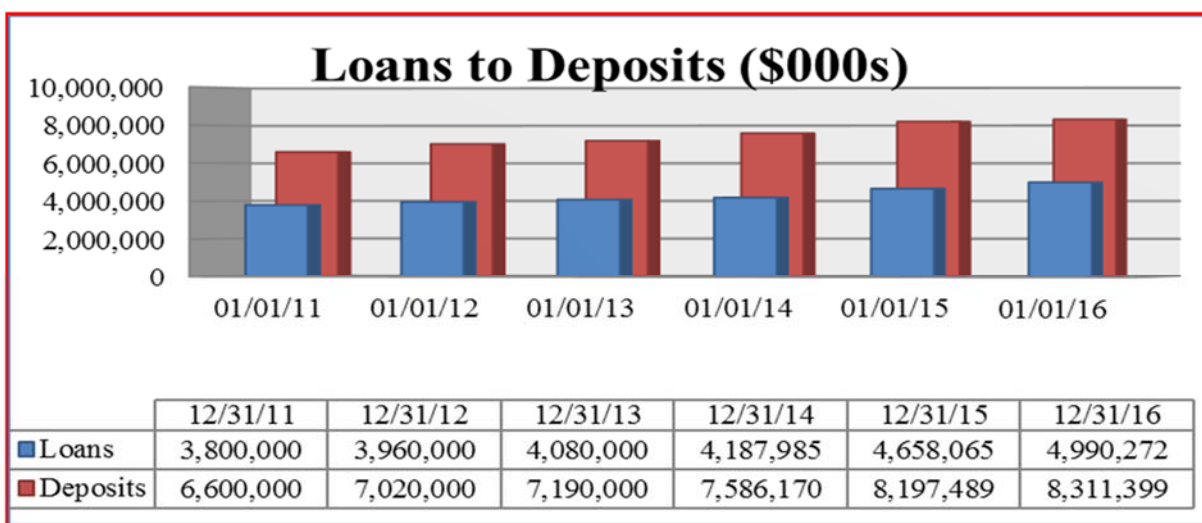
Earnings continue to improve, even though Net Interest Margins are still more compressed than before the financial crisis. This was due in large part to long-term, historically low interest rates and slow demand for quality loans. 2016 earnings were up about 9% above the 2015 level,

when there was a year over year improvement of almost 17%. As interest rates edge up and loan demand slowly improves, we are highly encouraged that this trend can and will continue.



Loans to Deposit

The deposit base in our state chartered banks continues to rise, reflecting increased consumer confidence in the banking system. Loans continue a slow recovery after the economic crisis, with the loans-to-deposits ratio only slightly above 60%, compared with the year-end 2009 ratio of 79%. It is critical that banks continue to employ high underwriting standards and prudent business practices learned in the wake of the recession. Growth of concentrations in both loans and funding sources present an increased risk to banks. These should be monitored and managed appropriately by Board and management to ensure adequate capital levels are commensurate with the risk profile of the institution.



Trust Companies

In addition to numerous Trust Departments within our State Chartered Banks, New Mexico also has eight Independent Trust Companies and one Bank Holding Company owned Trust Company. Generally offering highly specialized services, our trust companies work diligently to manage or provide custodial services for their clients' assets. These are assets which are often extremely unusual and/or complex. As of year-end 2016, these nine companies provide service for assets of \$3.9 Billion, which is a slight increase from the prior year's assets of \$3.5 Billion.

Final Thoughts

As always, the Financial Institution Division continues to regulate and supervise New Mexico State chartered banks and trust companies for the protection of our citizens and the health of local economies. We thank all of you committed to maintain a safe and sound community focused financial institution and for being invested in the growth and well-being of those around you.



Rebecca S. Moore
Bank Industry Manager

New Mexico State Chartered Bank Total Assets

<u>Year</u>	<u>Number of Banks</u>	<u>Total Assets</u>	<u>Year</u>	<u>Number of Banks</u>	<u>Total Assets</u>
1970	33	\$ 589,486,100	1971	38	\$ 705,573,500
1972	38	\$ 875,354,800	1973	42	\$ 1,024,517,200
1974	44	\$ 1,135,083,300	1975	44	\$ 1,270,042,300
1976	44	\$ 1,401,962,000	1977	45	\$ 1,631,442,000
1978	46	\$ 1,918,913,000	1979	49	\$ 2,128,954,000
1980	49	\$ 2,428,431,000	1981	48	\$ 2,677,073,000
1982	51	\$ 3,033,396,000	1983	51	\$ 3,135,590,000
1984	51	\$ 3,373,234,000	1985	51	\$ 3,708,376,000
1986	52	\$ 3,995,388,000	1987	52	\$ 3,848,889,000
1988	52	\$ 3,907,677,000	1989	52	\$ 4,090,412,000
1990	50	\$ 4,165,081,000	1991	47	\$ 4,541,692,000
1992	48	\$ 4,815,751,000	1993	49	\$ 5,139,579,000
1994	40	\$ 4,140,116,000	1995	40	\$ 4,416,190,000
1996	41	\$ 4,891,094,000	1997	38	\$ 3,990,911,000
1998	37	\$ 3,860,997,000	1999	35	\$ 3,978,256,000
2000	38	\$ 4,150,895,000	2001	38	\$ 4,582,266,000
2002	36	\$ 5,134,360,000	2003	36	\$ 5,754,527,000
2004	35	\$ 6,137,882,000	2005	34	\$ 6,673,389,000
2006	33	\$ 7,538,404,000	2007	36	\$ 8,971,251,000
2008	36	\$ 9,402,335,000	2009	37	\$ 9,820,200,000
2010	37	\$ 9,822,970,000	2011	36	\$ 7,993,911,000
2012	35	\$ 8,439,804,000	2013	35	\$ 8,584,524,000
2014	32	\$ 9,014,856,000	2015	32	\$ 9,603,406,000
2016	32	\$ 9,770,891,000			



New Mexico State Chartered Banks Consolidated Report of Condition

As of December 31, 2016

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	12/31/2016	12/31/2015
Number of State Chartered Banks	32	32
ASSETS		
Noninterest-bearing balances and currency and coin	185,506	195,787
Interest-Bearing Balances	688,075	585,269
Securities:		
Held-to-Maturity Securities	985,220	963,131
Available-for-Sale Securities	2,252,057	2,502,237
Federal Funds sold	127,711	139,820
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	28,922	67,152
Loans and Leases, Net of Unearned Income	5,072,483	4,735,069
LESS: Allowance for Loan and Lease Losses	82,231	77,004
Net Loans and Leases	4,990,272	4,658,065
Trading Assets	469	-
Premises and Fixed Assets	206,732	207,375
Other Real Estate Owned	37,905	34,284
Investments in Unconsolidated Subsidiaries	1,933	1,891
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	21,031	21,209
b. Other intangible assets	3,900	4,691
Other Assets	241,160	222,086
Total Assets	9,770,890	9,603,406
LIABILITIES		
Deposits:		
In Domestic Offices	8,311,399	8,197,489
Noninterest-Bearing	2,631,044	2,572,489
Interest-Bearing	5,680,535	5,624,999
Federal Funds Purchased	16,725	8,473
Sec. Sold Under Agreements to Repurchase	248,214	242,506
Trading Liabilities	57	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	190,169	168,725
Subordinated Notes and Debentures	-	-
Other Liabilities	55,440	52,473
Total Liabilities	8,821,941	8,669,666
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	49,303	49,219
Surplus (exclude surplus preferred stock)	341,001	340,856
Retained Earnings	585,035	540,394
Accumulated Other Comprehensive Income	(24,862)	5,067
Other equity capital components	(1,527)	(1,796)
Total Bank equity capital	948,950	933,740
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	948,950	933,740
Total liabilities and equity capital	9,770,891	9,603,406

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	WESTERN BANK ALAMOGORDO	MAIN BANK ALBUQUERQUE
ASSETS		
Noninterest-bearing balances and currency and coin	858	1,024
Interest-Bearing Balances	10,484	8,569
Securities:		
Held-to-Maturity Securities	16,104	2
Available-for-Sale Securities	1,006	24,898
Federal Funds sold	-	389
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	33,197	82,776
LESS: Allowance for Loan and Lease Losses	413	1,086
Net Loans and Leases	32,784	81,690
Trading Assets	-	-
Premises and Fixed Assets	1,562	6,573
Other Real Estate Owned	789	-
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	1,377	2,466
Total Assets	64,964	125,611
LIABILITIES		
Deposits:		
In Domestic Offices	45,686	112,403
Noninterest-Bearing	8,895	17,598
Interest-Bearing	36,791	94,805
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	9,024	1,000
Subordinated Notes and Debentures	-	-
Other Liabilities	221	461
Total Liabilities	54,931	113,864
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	634	10
Surplus (exclude surplus preferred stock)	3,291	8,119
Retained Earnings	6,122	3,920
Accumulated Other Comprehensive Income	(14)	(302)
Other equity capital components	-	-
Total Bank equity capital	10,033	11,747
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	10,033	11,747
Total liabilities and equity capital	64,964	125,611

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	NEW MEXICO BANK & TRUST ALBUQUERQUE	SOUTHWEST CAPITAL BANK ALBUQUERQUE
ASSETS		
Noninterest-bearing balances and currency and coin	17,402	3,213
Interest-Bearing Balances	1,230	22,857
Securities:		
Held-to-Maturity Securities	59,903	15,014
Available-for-Sale Securities	272,574	17,121
Federal Funds sold	29,125	16
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	2,501	-
Loans and Leases, Net of Unearned Income	924,240	258,430
LESS: Allowance for Loan and Lease Losses	10,052	4,211
Net Loans and Leases	914,188	254,219
Trading Assets	57	-
Premises and Fixed Assets	27,679	12,993
Other Real Estate Owned	2,928	6,033
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	10,298	-
b. Other intangible assets	1,350	-
Other Assets	35,412	7,594
Total Assets	1,374,647	339,060
LIABILITIES		
Deposits:		
In Domestic Offices	1,091,436	290,775
Noninterest-Bearing	486,943	75,454
Interest-Bearing	604,493	215,321
Federal Funds Purchased	-	725
Sec. Sold Under Agreements to Repurchase	159,116	-
Trading Liabilities	57	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	2,214	11,831
Subordinated Notes and Debentures	-	-
Other Liabilities	6,545	706
Total Liabilities	1,259,368	304,037
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	27	6,500
Surplus (exclude surplus preferred stock)	49,576	21,500
Retained Earnings	69,978	7,533
Accumulated Other Comprehensive Income	(4,302)	(510)
Other equity capital components	-	-
Total Bank equity capital	115,279	35,023
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	115,279	35,023
Total liabilities and equity capital	1,374,647	339,060

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	FIRST AMERICAN BANK ARTESIA	WESTERN BANK ARTESIA
ASSETS		
Noninterest-bearing balances and currency and coin	15,780	4,614
Interest-Bearing Balances	15,034	26,131
Securities:		
Held-to-Maturity Securities	63,496	8,836
Available-for-Sale Securities	335,527	48,710
Federal Funds sold	-	23,578
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	3,164	-
Loans and Leases, Net of Unearned Income	602,336	80,212
LESS: Allowance for Loan and Lease Losses	12,046	1,425
Net Loans and Leases	590,290	78,787
Trading Assets	-	-
Premises and Fixed Assets	29,027	1,879
Other Real Estate Owned	1,019	884
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	3,865	-
b. Other intangible assets	525	-
Other Assets	29,804	1,092
Total Assets	1,087,531	194,511
LIABILITIES		
Deposits:		
In Domestic Offices	930,419	176,504
Noninterest-Bearing	280,483	83,515
Interest-Bearing	649,936	92,989
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	25,568	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	10,000	-
Subordinated Notes and Debentures	-	-
Other Liabilities	13,702	93
Total Liabilities	979,689	176,597
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	3,769	400
Surplus (exclude surplus preferred stock)	55,997	5,350
Retained Earnings	51,726	12,617
Accumulated Other Comprehensive Income	(3,650)	(453)
Other equity capital components	-	-
Total Bank equity capital	107,842	17,914
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	107,842	17,914
Total liabilities and equity capital	1,087,531	194,511

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	MYBANK BELEN	WESTERN COMMERCE BANK CARLSBAD
ASSETS		
Noninterest-bearing balances and currency and coin	1,835	4,927
Interest-Bearing Balances	9,352	103,861
Securities:		
Held-to-Maturity Securities	6,565	119,283
Available-for-Sale Securities	62,194	5,375
Federal Funds sold	650	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	77,119	168,778
LESS: Allowance for Loan and Lease Losses	2,065	1,832
Net Loans and Leases	75,054	166,946
Trading Assets	-	-
Premises and Fixed Assets	2,850	4,967
Other Real Estate Owned	865	4,704
Investments in Unconsolidated Subsidiaries	-	1,304
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	5,472	2,569
Total Assets	164,837	413,936
LIABILITIES		
Deposits:		
In Domestic Offices	144,281	367,166
Noninterest-Bearing	35,312	147,463
Interest-Bearing	108,969	219,703
Federal Funds Purchased	-	10,000
Sec. Sold Under Agreements to Repurchase	992	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	-
Subordinated Notes and Debentures	-	-
Other Liabilities	1,383	150
Total Liabilities	146,656	377,316
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	2,362	672
Surplus (exclude surplus preferred stock)	3,389	9,905
Retained Earnings	12,608	26,549
Accumulated Other Comprehensive Income	(178)	(506)
Other equity capital components	-	-
Total Bank equity capital	18,181	36,620
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	18,181	36,620
Total liabilities and equity capital	164,837	413,936

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	FARMERS & STOCKMENS BANK CLAYTON	FNB NEW MEXICO CLAYTON
ASSETS		
Noninterest-bearing balances and currency and coin	3,455	5,823
Interest-Bearing Balances	4,743	8,272
Securities:		
Held-to-Maturity Securities	-	-
Available-for-Sale Securities	17,489	50,205
Federal Funds sold	13,715	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	10,570	-
Loans and Leases, Net of Unearned Income	143,168	146,151
LESS: Allowance for Loan and Lease Losses	2,194	1,762
Net Loans and Leases	140,974	144,389
Trading Assets	-	-
Premises and Fixed Assets	2,868	10,124
Other Real Estate Owned	272	900
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	3,021	301
b. Other intangible assets	751	105
Other Assets	2,398	4,860
Total Assets	200,256	224,979
LIABILITIES		
Deposits:		
In Domestic Offices	161,299	204,571
Noninterest-Bearing	40,812	65,086
Interest-Bearing	120,487	139,485
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	15,777	870
Subordinated Notes and Debentures	-	-
Other Liabilities	823	726
Total Liabilities	177,899	206,167
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	686	1,200
Surplus (exclude surplus preferred stock)	16,479	6,800
Retained Earnings	5,469	12,647
Accumulated Other Comprehensive Income	(277)	(1,835)
Other equity capital components	-	-
Total Bank equity capital	22,357	18,812
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	22,357	18,812
Total liabilities and equity capital	200,256	224,979

Consolidated Report of Condition

Balance Sheet

As of December 31, 2016

(\$000)

	AMERICAN HERITAGE BANK CLOVIS	THI
ASSETS		
Noninterest-bearing balances and currency and coin	1,845	
Interest-Bearing Balances	5,646	
Securities:		
Held-to-Maturity Securities	-	
Available-for-Sale Securities	26,650	
Federal Funds sold	-	
Securities purchased under agreements to resell	-	
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	
Loans and Leases, Net of Unearned Income	47,866	
LESS: Allowance for Loan and Lease Losses	806	
Net Loans and Leases	47,060	
Trading Assets	-	
Premises and Fixed Assets	2,155	
Other Real Estate Owned	-	
Investments in Unconsolidated Subsidiaries	-	
Direct and Indirect investments in real estate ventures	-	
Intangible Assets:		
a. Goodwill	-	
b. Other intangible assets	-	
Other Assets	2,886	
Total Assets	86,242	
LIABILITIES		
Deposits:		
In Domestic Offices	73,195	
Noninterest-Bearing	20,185	
Interest-Bearing	53,010	
Federal Funds Purchased	500	
Sec. Sold Under Agreements to Repurchase	-	
Trading Liabilities	-	
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	2,500	
Subordinated Notes and Debentures	-	
Other Liabilities	633	
Total Liabilities	76,828	
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	
Common Stock	4,593	
Surplus (exclude surplus preferred stock)	2,584	
Retained Earnings	2,213	
Accumulated Other Comprehensive Income	24	
Other equity capital components	-	
Total Bank equity capital	9,414	
Noncontrolling (minority) interests in consolidated subsidiaries	-	
Total equity capital	9,414	
Total liabilities and equity capital	86,242	

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	THE CITIZENS BANK OF CLOVIS	WESTERN BANK OF CLOVIS
ASSETS		
Noninterest-bearing balances and currency and coin	16,449	734
Interest-Bearing Balances	1,384	10,717
Securities:		
Held-to-Maturity Securities	-	10,787
Available-for-Sale Securities	121,013	4
Federal Funds sold	6,000	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	196,178	39,097
LESS: Allowance for Loan and Lease Losses	1,815	584
Net Loans and Leases	194,363	38,513
Trading Assets	-	-
Premises and Fixed Assets	3,093	1,244
Other Real Estate Owned	-	37
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	14,467	1,091
Total Assets	356,769	63,124
LIABILITIES		
Deposits:		
In Domestic Offices	309,357	47,319
Noninterest-Bearing	67,992	7,316
Interest-Bearing	241,365	40,183
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	10,687	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	7,755
Subordinated Notes and Debentures	-	-
Other Liabilities	1,126	164
Total Liabilities	321,170	55,238
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	2,000	410
Surplus (exclude surplus preferred stock)	10,566	2,040
Retained Earnings	25,902	5,436
Accumulated Other Comprehensive Income	(2,868)	-
Other equity capital components	-	-
Total Bank equity capital	35,600	7,886
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	35,600	7,886
Total liabilities and equity capital	356,770	63,124

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	FIRST NEW MEXICO BANK DEMING	FOUR CORNERS COMMUNITY BANK FARMINGTON
ASSETS		
Noninterest-bearing balances and currency and coin	5,228	4,482
Interest-Bearing Balances	62,315	19,625
Securities:		
Held-to-Maturity Securities	78,429	-
Available-for-Sale Securities	-	44,000
Federal Funds sold	2,005	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	614	-
Loans and Leases, Net of Unearned Income	70,966	255,309
LESS: Allowance for Loan and Lease Losses	1,233	4,126
Net Loans and Leases	69,733	251,183
Trading Assets	-	-
Premises and Fixed Assets	3,466	8,502
Other Real Estate Owned	786	791
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	397
Other Assets	5,633	4,056
Total Assets	228,209	333,036
LIABILITIES		
Deposits:		
In Domestic Offices	199,154	265,508
Noninterest-Bearing	48,762	95,711
Interest-Bearing	150,392	169,797
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	30,512
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	-
Subordinated Notes and Debentures	-	-
Other Liabilities	2,370	593
Total Liabilities	201,461	296,613
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	1,200	3,935
Surplus (exclude surplus preferred stock)	2,800	10,575
Retained Earnings	24,106	23,038
Accumulated Other Comprehensive Income	-	(956)
Other equity capital components	(1,358)	(169)
Total Bank equity capital	26,748	36,423
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	26,748	36,423
Total liabilities and equity capital	228,209	333,036

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	THE CITIZENS BANK FARMINGTON	BANK OF NEW MEXICO GRANTS
ASSETS		
Noninterest-bearing balances and currency and coin	11,571	4,039
Interest-Bearing Balances	21,329	11,379
Securities:		
Held-to-Maturity Securities	224,052	-
Available-for-Sale Securities	212,772	71,929
Federal Funds sold	-	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	221,314	62,480
LESS: Allowance for Loan and Lease Losses	3,373	890
Net Loans and Leases	217,941	61,590
Trading Assets	-	-
Premises and Fixed Assets	3,742	4,252
Other Real Estate Owned	120	-
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	2,119
b. Other intangible assets	-	-
Other Assets	28,163	1,096
Total Assets	719,690	156,404
LIABILITIES		
Deposits:		
In Domestic Offices	583,336	140,743
Noninterest-Bearing	159,869	26,514
Interest-Bearing	423,467	114,229
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	1,392	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	65,500	-
Subordinated Notes and Debentures	-	-
Other Liabilities	1,304	568
Total Liabilities	651,532	141,311
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	500	1,000
Surplus (exclude surplus preferred stock)	15,146	10,592
Retained Earnings	56,798	3,100
Accumulated Other Comprehensive Income	(4,286)	401
Other equity capital components	-	-
Total Bank equity capital	68,158	15,093
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	68,158	15,093
Total liabilities and equity capital	719,690	156,404

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	LEA COUNTY STATE BANK HOBBS	CITIZENS BANK OF LAS CRUCES
ASSETS		
Noninterest-bearing balances and currency and coin	4,759	7,047
Interest-Bearing Balances	1,622	24,235
Securities:		
Held-to-Maturity Securities	-	3
Available-for-Sale Securities	206,748	167,879
Federal Funds sold	-	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	875	6,401
Loans and Leases, Net of Unearned Income	64,697	296,711
LESS: Allowance for Loan and Lease Losses	773	6,180
Net Loans and Leases	63,924	290,531
Trading Assets	-	-
Premises and Fixed Assets	2,030	13,264
Other Real Estate Owned	-	422
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	227	-
Other Assets	9,897	13,348
Total Assets	290,082	523,130
LIABILITIES		
Deposits:		
In Domestic Offices	245,816	472,465
Noninterest-Bearing	86,438	134,360
Interest-Bearing	159,378	338,105
Federal Funds Purchased	5,500	-
Sec. Sold Under Agreements to Repurchase	3,448	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	7,000	-
Subordinated Notes and Debentures	-	-
Other Liabilities	1,518	3,734
Total Liabilities	263,282	476,199
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	2,431	1,111
Surplus (exclude surplus preferred stock)	3,069	6,900
Retained Earnings	24,200	39,046
Accumulated Other Comprehensive Income	(2,900)	(126)
Other equity capital components	-	-
Total Bank equity capital	26,800	46,931
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	26,800	46,931
Total liabilities and equity capital	290,082	523,130

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	FIRST NEW MEXICO BANK LAS CRUCES	WESTERN HERITAGE BANK LAS CRUCES
ASSETS		
Noninterest-bearing balances and currency and coin	3,676	344
Interest-Bearing Balances	22,888	7,466
Securities:		
Held-to-Maturity Securities	29,681	-
Available-for-Sale Securities	-	12,446
Federal Funds sold	2,350	19,673
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	1,974	2,716
Loans and Leases, Net of Unearned Income	54,181	33,974
LESS: Allowance for Loan and Lease Losses	1,467	814
Net Loans and Leases	52,714	33,160
Trading Assets	-	-
Premises and Fixed Assets	4,233	5,288
Other Real Estate Owned	22	188
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	2,061	2,210
Total Assets	119,599	83,491
LIABILITIES		
Deposits:		
In Domestic Offices	101,194	73,214
Noninterest-Bearing	28,377	17,886
Interest-Bearing	72,817	55,328
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	-
Subordinated Notes and Debentures	-	-
Other Liabilities	2,901	987
Total Liabilities	104,095	74,201
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	4,000	1,200
Surplus (exclude surplus preferred stock)	3,000	10,318
Retained Earnings	8,504	(2,030)
Accumulated Other Comprehensive Income	-	(198)
Other equity capital components	-	-
Total Bank equity capital	15,504	9,290
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	15,504	9,290
Total liabilities and equity capital	119,599	83,491

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	COMMUNITY 1ST BANK LAS VEGAS	WESTERN BANK LORDSBURG
ASSETS		
Noninterest-bearing balances and currency and coin	3,736	3,416
Interest-Bearing Balances	15,393	14,118
Securities:		
Held-to-Maturity Securities	-	-
Available-for-Sale Securities	29,326	72,733
Federal Funds sold	9,160	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	107
Loans and Leases, Net of Unearned Income	56,985	70,668
LESS: Allowance for Loan and Lease Losses	1,688	2,772
Net Loans and Leases	55,297	67,916
Trading Assets	-	-
Premises and Fixed Assets	3,098	3,900
Other Real Estate Owned	1,672	320
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	3,113	4,945
Total Assets	<u>120,795</u>	<u>167,455</u>
LIABILITIES		
Deposits:		
In Domestic Offices	113,285	145,349
Noninterest-Bearing	19,117	49,016
Interest-Bearing	94,168	96,333
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	696	288
Subordinated Notes and Debentures	-	-
Other Liabilities	302	894
Total Liabilities	<u>114,283</u>	<u>146,531</u>
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	495	452
Surplus (exclude surplus preferred stock)	8,727	4,663
Retained Earnings	(2,753)	15,835
Accumulated Other Comprehensive Income	43	(26)
Other equity capital components	-	-
Total Bank equity capital	6,512	20,924
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	<u>6,512</u>	<u>20,924</u>
Total liabilities and equity capital	<u>120,795</u>	<u>167,455</u>

Consolidated Report of Condition

Balance Sheet

As of December 31, 2016

(\$000)

	JAMES POLK STONE COMMUNITY BANK PORTALES	INTERNA
ASSETS		
Noninterest-bearing balances and currency and coin	11,174	
Interest-Bearing Balances	30,669	
Securities:		
Held-to-Maturity Securities	61,511	
Available-for-Sale Securities	-	
Federal Funds sold	13,300	
Securities purchased under agreements to resell	-	
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	
Loans and Leases, Net of Unearned Income	103,287	
LESS: Allowance for Loan and Lease Losses	2,000	
Net Loans and Leases	101,287	
Trading Assets	-	
Premises and Fixed Assets	8,271	
Other Real Estate Owned	1,570	
Investments in Unconsolidated Subsidiaries	-	
Direct and Indirect investments in real estate ventures	-	
Intangible Assets:		
a. Goodwill	-	
b. Other intangible assets	-	
Other Assets	1,305	
Total Assets	229,087	
LIABILITIES		
Deposits:		
In Domestic Offices	194,151	
Noninterest-Bearing	97,279	
Interest-Bearing	96,872	
Federal Funds Purchased	-	
Sec. Sold Under Agreements to Repurchase	11,511	
Trading Liabilities	-	
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	100	
Subordinated Notes and Debentures	-	
Other Liabilities	301	
Total Liabilities	206,063	
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	
Common Stock	1,000	
Surplus (exclude surplus preferred stock)	6,000	
Retained Earnings	16,024	
Accumulated Other Comprehensive Income	-	
Other equity capital components	-	
Total Bank equity capital	23,024	
Noncontrolling (minority) interests in consolidated subsidiaries	-	
Total equity capital	23,024	
Total liabilities and equity capital	229,087	

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	BANK OF THE SOUTHWEST ROSWELL	VALLEY BANK OF COMMERCE ROSWELL
ASSETS		
Noninterest-bearing balances and currency and coin	2,412	10,268
Interest-Bearing Balances	11,457	114,068
Securities:		
Held-to-Maturity Securities	145	-
Available-for-Sale Securities	8	499
Federal Funds sold	-	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	114,606	52,134
LESS: Allowance for Loan and Lease Losses	1,090	819
Net Loans and Leases	113,516	51,315
Trading Assets	-	-
Premises and Fixed Assets	5,803	1,015
Other Real Estate Owned	2,555	134
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	13	-
Other Assets	2,506	3,592
Total Assets	138,415	180,891
LIABILITIES		
Deposits:		
In Domestic Offices	124,280	164,827
Noninterest-Bearing	23,031	80,339
Interest-Bearing	101,249	84,488
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	20
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	-
Subordinated Notes and Debentures	-	-
Other Liabilities	119	628
Total Liabilities	124,399	165,475
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	990	502
Surplus (exclude surplus preferred stock)	8,093	5,544
Retained Earnings	4,933	9,371
Accumulated Other Comprehensive Income	-	(1)
Other equity capital components	-	-
Total Bank equity capital	14,016	15,416
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	14,016	15,416
Total liabilities and equity capital	138,415	180,891

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	CENTURY BANK SANTA FE	FIRST NEW MEXICO BANK OF SILVER CITY
ASSETS		
Noninterest-bearing balances and currency and coin	12,155	1,847
Interest-Bearing Balances	22,302	15,249
Securities:		
Held-to-Maturity Securities	-	42,948
Available-for-Sale Securities	279,678	-
Federal Funds sold	-	3,000
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	440,070	40,079
LESS: Allowance for Loan and Lease Losses	6,600	738
Net Loans and Leases	433,470	39,341
Trading Assets	412	-
Premises and Fixed Assets	17,966	1,689
Other Real Estate Owned	5,264	98
Investments in Unconsolidated Subsidiaries	629	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	1,427	-
b. Other intangible assets	532	-
Other Assets	25,181	2,441
Total Assets	799,016	106,613
LIABILITIES		
Deposits:		
In Domestic Offices	671,042	92,186
Noninterest-Bearing	219,192	14,774
Interest-Bearing	451,850	77,412
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	55,569	-
Subordinated Notes and Debentures	-	-
Other Liabilities	6,118	2,285
Total Liabilities	732,729	94,471
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	322	500
Surplus (exclude surplus preferred stock)	20,383	1,800
Retained Earnings	46,106	9,842
Accumulated Other Comprehensive Income	(524)	-
Other equity capital components	-	-
Total Bank equity capital	66,287	12,142
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	66,287	12,142
Total liabilities and equity capital	799,016	106,613

Consolidated Report of Condition
Balance Sheet
As of December 31, 2016
(\$000)

	FIRST STATE BANK SOCORRO	CENTINEL BANK TAOS
ASSETS		
Noninterest-bearing balances and currency and coin	9,439	1,293
Interest-Bearing Balances	8,311	38,329
Securities:		
Held-to-Maturity Securities	103,657	-
Available-for-Sale Securities	602	93,469
Federal Funds sold	-	-
Securities purchased under agreements to resell	-	-
Loans and Lease Financing Receivables:		
Loans and leases held for sale	-	-
Loans and Leases, Net of Unearned Income	7,119	82,449
LESS: Allowance for Loan and Lease Losses	1,049	1,596
Net Loans and Leases	6,070	80,853
Trading Assets	-	-
Premises and Fixed Assets	2,664	2,310
Other Real Estate Owned	287	-
Investments in Unconsolidated Subsidiaries	-	-
Direct and Indirect investments in real estate ventures	-	-
Intangible Assets:		
a. Goodwill	-	-
b. Other intangible assets	-	-
Other Assets	1,487	5,792
Total Assets	<u>132,517</u>	<u>222,046</u>
LIABILITIES		
Deposits:		
In Domestic Offices	117,598	201,305
Noninterest-Bearing	3,726	68,817
Interest-Bearing	113,872	132,488
Federal Funds Purchased	-	-
Sec. Sold Under Agreements to Repurchase	-	-
Trading Liabilities	-	-
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)	-	45
Subordinated Notes and Debentures	-	-
Other Liabilities	115	2,176
Total Liabilities	<u>117,713</u>	<u>203,526</u>
EQUITY CAPITAL		
Perpetual preferred stock and related surplus	-	-
Common Stock	1,150	318
Surplus (exclude surplus preferred stock)	4,850	4,860
Retained Earnings	8,551	14,402
Accumulated Other Comprehensive Income	253	(1,060)
Other equity capital components	-	-
Total Bank equity capital	14,804	18,520
Noncontrolling (minority) interests in consolidated subsidiaries	-	-
Total equity capital	<u>14,804</u>	<u>18,520</u>
Total liabilities and equity capital	<u>132,517</u>	<u>222,046</u>

State Banking Activities 2016

CHANGE OF OWNERSHIP:

None

CHANGE OF NAME/RELOCATIONS:

Southwest Capital Bank, relocation of main office from Las Vegas, NM to Albuquerque, NM (March 2016)

CHARTERED AS NATIONAL BANKS:

None

MERGERS/ ACQUISITIONS:

Santa Rosa branch of Community 1st Bank, Las Vegas, NM to FNB New Mexico

BANK CLOSURES:

None

BRANCH OPENINGS:

New Mexico Bank & Trust, Albuquerque, NM (March 2016)

NEW BANK CHARTERS:

None

NEW TRUST COMPANIES:

None

NEW LOAN PRODUCTION OFFICES (LPO):

None



New Mexico State Chartered Credit Unions

Credit Union Commentary

The Financial Institutions Division supervised twenty federally insured state chartered credit unions during the year.

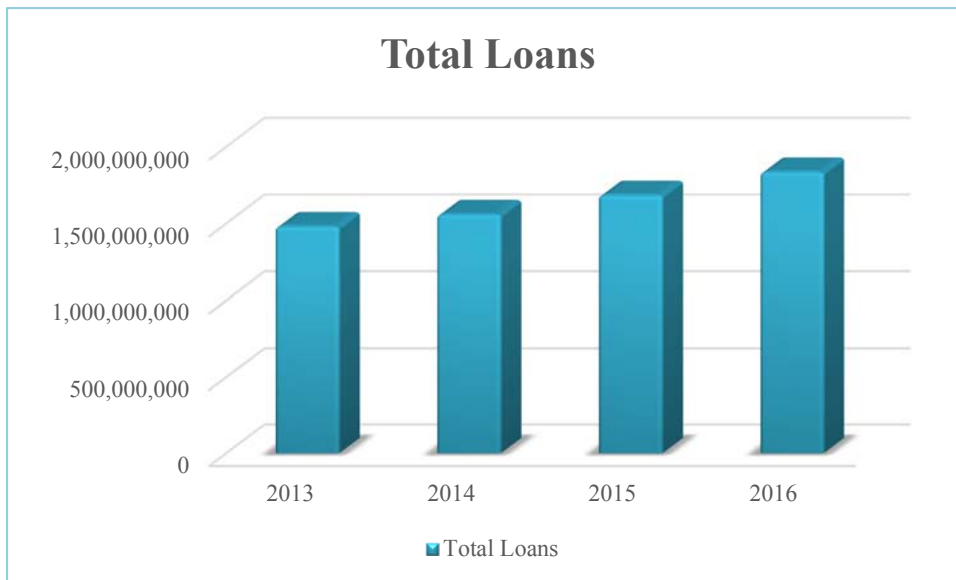
The overall condition and performance of state chartered credit unions remains healthy. Total assets held by state chartered credit unions are in excess of two point five billion dollars. State chartered credit unions continue to experience increases in total assets, loans, shares and equity.



The 2016 increase in assets, loans, and shares are good indications that state chartered credit unions are effectively competing for their share of the New Mexico market. Total Assets increased 5.78%. Total shares increased 5.55%. Total Loans increased 8.99%. Total Equity increased 5.91%. Despite this positive note, the state of New Mexico continues

to struggle to recover from the economic downturn. State chartered credit unions remain safe and sound; however, the worst economic downturn in decades continues to apply pressure to the overall safety and soundness of the credit union system as net income continues to plummet. Net income decreased -4.59% from 2014 to 2015, further declining -7.78% from 2015 to 2016.

With the state of New Mexico's continued slow recovery from the recession, credit unions should analyze their loan portfolio to try to determine the potential risk to the institution. Credit unions may need to develop programs that will assist members affected by the economic downturn, as New Mexico now has the highest unemployment rate in the country. An effective program not only helps members through difficult financial times but will also help the credit union as it may mitigate the overall loss to the institution. Success in 2017 will depend on how well the credit union's Board of Directors and Management evaluate their business plan to determine if it is still



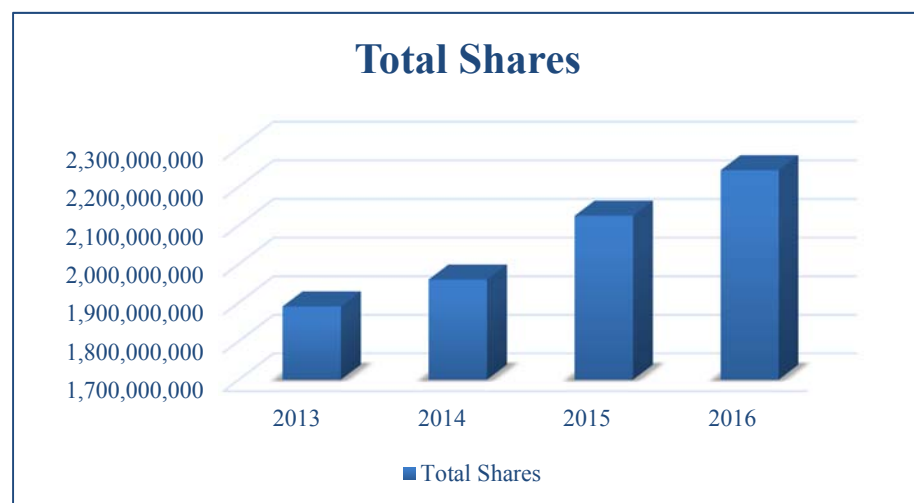
viable given the rapidly changing economic, competitive and regulatory environment. Credit unions must ensure sound Asset-Liability Management practices that properly identifies the risk in the balance sheet due to rising interest rates. Credit Unions must stay abreast of the new rules and regulations promulgated by the National Credit Union

Administration and the Consumer Financial Protection Bureau. Credit Unions must ensure that their staff is up to date with all rules and regulations especially given the rapidly changing regulatory environment due to the Dodd Frank Act. As the complexity of Credit Unions increase, proper Succession Planning is vital in ensuring the Credit Union can operate seamlessly when key staff members are no longer with the institution.

Small credit unions are continuing to struggle with the increase in compliance costs and the technical expertise needed to be in compliance. Hackers are becoming more sophisticated and increase in numbers daily. As the larger financial institutions become better at thwarting intrusions into their operations, hackers will start looking for other soft targets. Regardless of size, credit unions now more than ever must have a robust cybersecurity plan in place. Board and Management must ensure that they do not expose the credit union to risks that they do not fully understand. Credit Unions must assess their net worth level as it relates to their risk profile and business needs and recognize that lower levels of profitability may occur when taking action to guard against diminishing asset quality or other types of inherent risks.

The continued growth in the state chartered credit union's assets, loans and shares is a result of member's satisfaction and confidence in the state chartered credit union system.

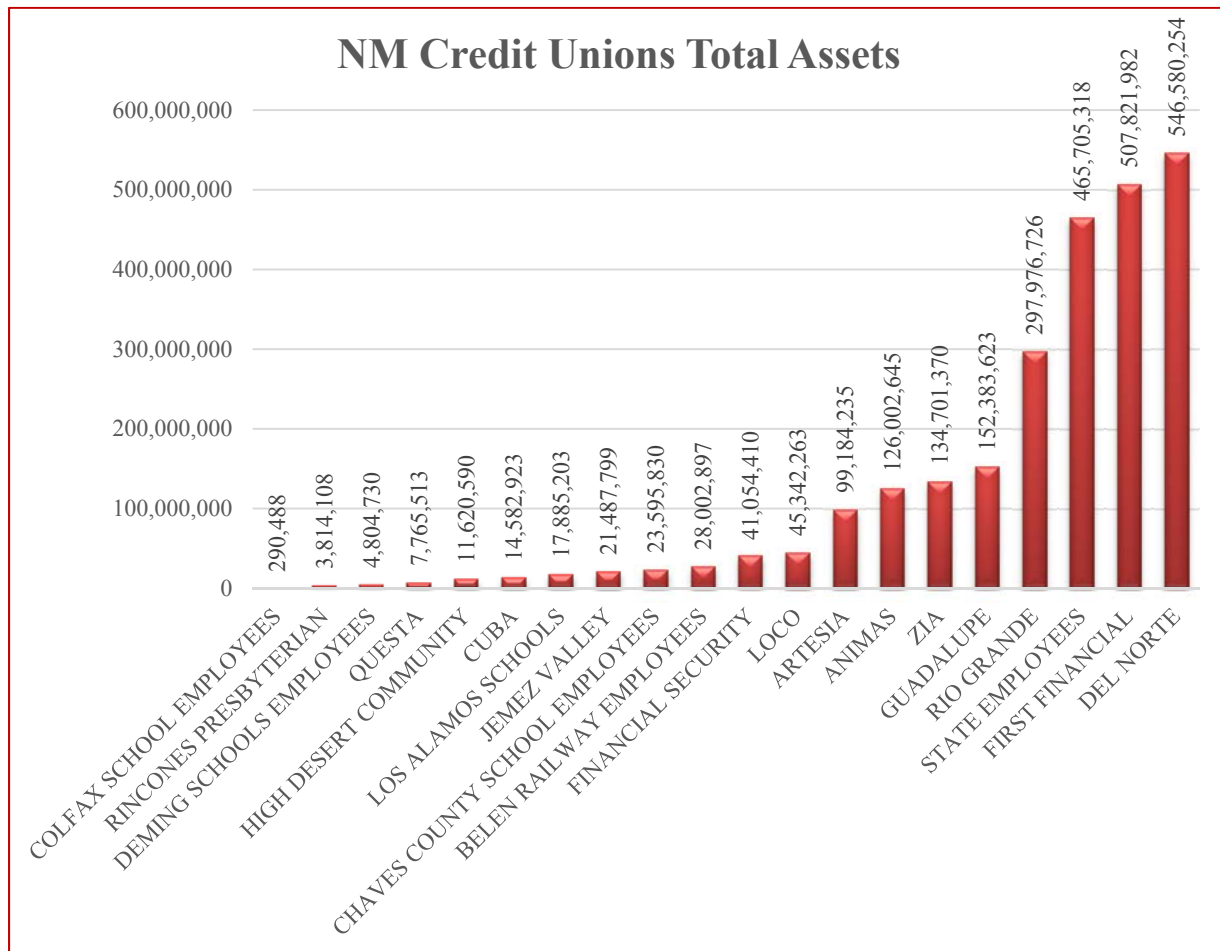
Over the coming year, compliance, information security, credit risk, interest rate risk, liquidity risk and strategic decisions should be on the forefront of the Board of Directors and Management agendas.

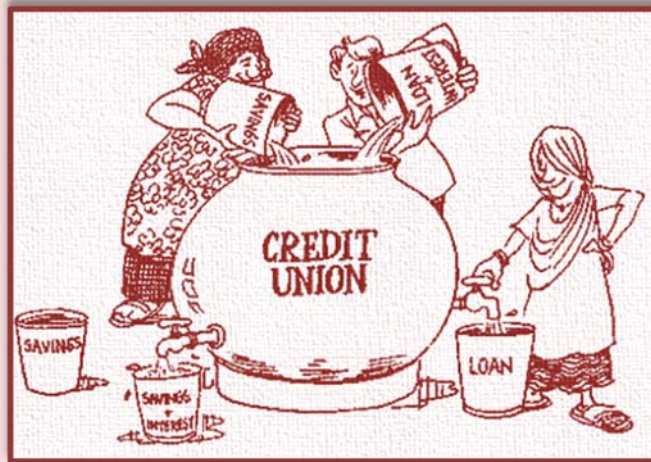


“I want to thank all Credit Union Volunteers and Staff for your hard work and dedication in ensuring that state chartered credit unions remain a viable financial option for New Mexico consumers.”

David Gee

Credit Union Industry Manager





New Mexico State Chartered Credit Unions Consolidated Report of Condition

As of December 31, 2016

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
CONSOLIDATED REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$,000)

	2016	2015
	20	21
ASSETS		
Cash & Equivalents	254,580	238,888
Total Investments	305,672	334,587
Loans Held for Sale	0	335
Real Estate Loans	540,527	506,460
Unsecured Loans	144,280	133,962
Other Loans	1,153,361	1,046,145
TOTAL LOANS	1,838,168	1,686,566
(Allow. Ln & Lease Losses)	(17,745)	(17,617)
Land And Building	68,800	64,087
Other Fixed Assets	5,998	6,703
NCUSIF Deposit	21,139	20,125
All Other Assets	73,991	77,634
TOTAL ASSETS	2,550,603	2,411,310
LIABILITIES & CAPITAL:		
Dividends Payable	78	75
Notes & Int. Payable	400	226
Accts. Pay. & Other Liab.	28,688	22,999
Uninsured Sec. Capital	0	0
TOTAL LIABILITIES	29,166	23,300
Share Drafts	409,625	386,847
Regular shares	943,376	874,753
All Other Shares & Dep.	890,060	863,567
TOTAL SHARES & DEPOSITS	2,243,060	2,125,167
Regular Reserve	31,265	31,308
Other Reserves	-2,917	-2,013
Undivided Earnings	250,029	233,548
TOTAL EQUITY	278,376	262,843
TOTAL LIABILITIES, SHARES, & EQUITY	2,550,603	2,411,310

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$000)

ASSETS	Animas	Artesia	Belen	Chaves
Cash & Equivalents	17,657	2,388	2,941	2,770
Total Investments	<u>17,340</u>	<u>33,332</u>	<u>6,523</u>	<u>12,853</u>
Loans Held for Sale	0	0	0	0
Real Estate Loans	18,214	13,556	6,595	0
Unsecured Loans	8,678	3,274	1,258	437
Other Loans	56,312	35,438	9,972	7,225
TOTAL LOANS	<u>83,204</u>	<u>52,267</u>	<u>17,825</u>	<u>7,662</u>
(Allow. Ln & Lease Losses)	(173)	(393)	(135)	(52)
Land And Building	2,077	1,485	420	92
Other Fixed Assets	358	75	48	18
NCUSIF Deposit	1,115	719	242	190
All Other Assets	4,424	9,313	139	63
TOTAL ASSETS	<u>126,003</u>	<u>99,184</u>	<u>28,003</u>	<u>23,596</u>
LIABILITIES & CAPITAL:				
Dividends Payable	0	0	0	0
Notes & Int. Payable	0	0	0	0
Accts. Pay. & Other Liab.	977	1,523	42	112
Uninsured Sec. Capital	0	0	0	0
TOTAL LIABILITIES	<u>977</u>	<u>1,523</u>	<u>42</u>	<u>112</u>
Share Drafts	16,943	9,065	298	2,577
Regular shares	73,497	39,712	16,816	16,428
All Other Shares & Dep.	23,617	36,180	7,022	171
TOTAL SHARES & DEPOSITS	<u>114,057</u>	<u>84,957</u>	<u>24,136</u>	<u>19,176</u>
Regular Reserve	2,175	1,189	274	293
Other Reserves	-685	111	0	0
Undivided Earnings	9,479	11,404	3,551	4,015
TOTAL EQUITY	<u>10,969</u>	<u>12,704</u>	<u>3,826</u>	<u>4,308</u>
TOTAL LIABILITIES, SHARES, & EQUITY	<u>126,003</u>	<u>99,184</u>	<u>28,003</u>	<u>23,596</u>

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$000)

ASSETS	Colfax	Cuba	Del Norte	Deming
Cash & Equivalents	<u>53</u>	<u>2,681</u>	<u>101,296</u>	<u>448</u>
Total Investments	<u>2</u>	<u>4,773</u>	<u>53,626</u>	<u>1,693</u>
Loans Held for Sale	0	0	0	0
Real Estate Loans	0	3,119	90,164	0
Unsecured Loans	32	425	37,160	890
Other Loans	<u>223</u>	<u>3,199</u>	<u>237,889</u>	<u>1,761</u>
TOTAL LOANS	<u>255</u>	<u>6,742</u>	<u>365,212</u>	<u>2,651</u>
(Allow. Ln & Lease Losses)	(27)	(85)	(2,936)	(36)
Land And Building	0	242	16,007	0
Other Fixed Assets	0	20	1,325	1
NCUSIF Deposit	3	110	4,491	37
All Other Assets	<u>5</u>	<u>101</u>	<u>7,559</u>	<u>12</u>
TOTAL ASSETS	<u>290</u>	<u>14,583</u>	<u>546,580</u>	<u>4,805</u>
LIABILITIES & CAPITAL:				
Dividends Payable	0	0	0	15
Notes & Int. Payable	0	0	0	0
Accts. Pay. & Other Liab.	0	23	7,740	16
Uninsured Sec. Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>23</u>	<u>7,740</u>	<u>31</u>
Share Drafts	0	1,913	82,532	0
Regular shares	240	4,279	243,235	3,899
All Other Shares & Dep.	<u>0</u>	<u>6,259</u>	<u>149,493</u>	<u>0</u>
TOTAL SHARES & DEPOSITS	<u>240</u>	<u>12,451</u>	<u>475,259</u>	<u>3,899</u>
Regular Reserve	21	254	7,655	74
Other Reserves	0	0	-51,413	71,947
Undivided Earnings	<u>29</u>	<u>1,854</u>	<u>55,979</u>	<u>729</u>
TOTAL EQUITY	<u>50</u>	<u>2,108</u>	<u>63,581</u>	<u>875</u>
TOTAL LIABILITIES, SHARES, & EQUITY	<u>290</u>	<u>14,583</u>	<u>546,580</u>	<u>4,805</u>

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$000)

	Financial Security	First Financial	Guadalupe	High Desert
ASSETS				
Cash & Equivalents	7,378	29,015	19,980	590
Total Investments	2,031	37,836	7,095	887
Loans Held for Sale	0	0	0	0
Real Estate Loans	0	93,012	63,486	2,714
Unsecured Loans	3,857	28,804	10,238	263
Other Loans	22,965	282,209	44,236	7,157
TOTAL LOANS	26,822	404,026	117,959	10,135
(Allow. Ln & Lease Losses)	(198)	(3,464)	(1,569)	(81)
Land And Building	2,799	7,732	6,383	0
Other Fixed Assets	117	2,160	2967	8
NCUSIF Deposit	345	4,450	1,276	82
All Other Assets	1,760	26,067	962	0
TOTAL ASSETS	41,054	507,822	152,384	11,621
LIABILITIES & CAPITAL:				
Dividends Payable	0	0	50,794	0
Notes & Int. Payable	0	0	0	0
Accts. Pay. & Other Liab.	192	6,246	1,736	0
Uninsured Sec. Capital	0	0	0	0
TOTAL LIABILITIES	192	6,246	1,787	0
Share Drafts	4,082	92,377	15,236	0
Regular shares	18,259	213,394	41,909	8,478
All Other Shares & Dep.	13,273	156,363	78,700	1,921
TOTAL SHARES & DEPOSITS	35,614	462,133	135,844	10,399
Regular Reserve	407	5,380	730	100
Other Reserves	0	1,940	-1,616	0
Undivided Earnings	4,842	32,122	15,640	1,121
TOTAL EQUITY	5,249	39,442	14,753	1,221
TOTAL LIABILITIES, SHARES, & EQUITY	41,054	507,822	152,384	11,621

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$000)

	Jemez	LOCO	Los Alamos Schools	Questa
ASSETS				
Cash & Equivalents	<u>1,329</u>	<u>2,756</u>	<u>3,086</u>	<u>1,247</u>
Total Investments	<u>7,748</u>	<u>22,610</u>	<u>4,475</u>	<u>2,000</u>
Loans Held for Sale	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Real Estate Loans	7,829	519	4,957	2,127
Unsecured Loans	709	1,374	979	91
Other Loans	<u>3,510</u>	<u>17,407</u>	<u>4,262</u>	<u>2,128</u>
TOTAL LOANS	<u>12,048</u>	<u>19,300</u>	<u>10,199</u>	<u>4,347</u>
(Allow. Ln & Lease Losses)	(60)	(393)	(57)	(73)
Land And Building	65	328	0	143
Other Fixed Assets	26	65	2	2
NCUSIF Deposit	169	354	141	56
All Other Assets	<u>162</u>	<u>329</u>	<u>40</u>	<u>43</u>
TOTAL ASSETS	<u>21,488</u>	<u>45,342</u>	<u>17,885</u>	<u>7,766</u>
LIABILITIES & CAPITAL:				
Dividends Payable	2	8	0	2
Notes & Int. Payable	0	0	0	0
Accts. Pay. & Other Liab.	102	672	29	7
Uninsured Sec. Capital	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>104</u>	<u>679</u>	<u>29</u>	<u>9</u>
Share Drafts	4,675	5,291	541	661
Regular shares	5,847	16,558	9,503	4,623
All Other Shares & Dep.	<u>7,788</u>	<u>17,060</u>	<u>5,613</u>	<u>458</u>
TOTAL SHARES & DEPOSITS	<u>18,310</u>	<u>38,909</u>	<u>15,657</u>	<u>5,742</u>
Regular Reserve	571	522	454	189
Other Reserves	0	-526	0	0
Undivided Earnings	<u>2,503</u>	<u>5,757</u>	<u>1,745</u>	<u>1,825</u>
TOTAL EQUITY	<u>3,074</u>	<u>5,754</u>	<u>2,200</u>	<u>2,014</u>
TOTAL LIABILITIES, SHARES, & EQUITY	<u>21,488</u>	<u>45,342</u>	<u>17,885</u>	<u>7,766</u>

NEW MEXICO STATE-CHARTERED CREDIT UNIONS
REPORT OF CONDITION
AS OF DECEMBER 31, 2016
(\$000)

	Rincones	Rio Grande	State Employees	Zia
ASSETS				
Cash & Equivalents	773	27,962	24,237	5,995
Total Investments	294	27,801	35,479	27,274
Loans Held for Sale	0	0	0	0
Real Estate Loans	240	41,068	142,832	50,095
Unsecured Loans	61	14,864	20,744	10,142
Other Loans	2,342	169,870	210,276	34,981
TOTAL LOANS	2,643	225,802	373,852	95,219
(Allow. Ln & Lease Losses)	(46)	(2,834)	(4,186)	(946)
Land And Building	110	12,280	14,759	3,884
Other Fixed Assets	9	657	692	117
NCUSIF Deposit	31	2,371	3,855	1,102
All Other Assets	1	3,938	17,017	2,057
TOTAL ASSETS	3,814	297,977	465,705	134,701
LIABILITIES & CAPITAL:				
Dividends Payable	0	0	0	0
Notes & Int. Payable	300	0	100	0
Accts. Pay. & Other Liab.	25	2,369	6,507	368
Uninsured Sec. Capital	0	0	0	0
TOTAL LIABILITIES	326	2,369	6,608	368
Share Drafts	0	30,241	129,210	13,985
Regular shares	1,777	47,867	114,452	62,604
All Other Shares & Dep.	1,296	175,551	164,061	45,235
TOTAL SHARES & DEPOSITS	3,073	253,658	407,723	121,825
Regular Reserve	19	4,737	2,353	3,867
Other Reserves	0	2,222	-4,326	-58
Undivided Earnings	396	34,990	53,348	8,700
TOTAL EQUITY	415	41,949	51,375	12,508
TOTAL LIABILITIES, SHARES, & EQUITY	3,814	297,977	465,705	134,701



New Mexico Consumer Financial Industries

Consumer Industries Commentary

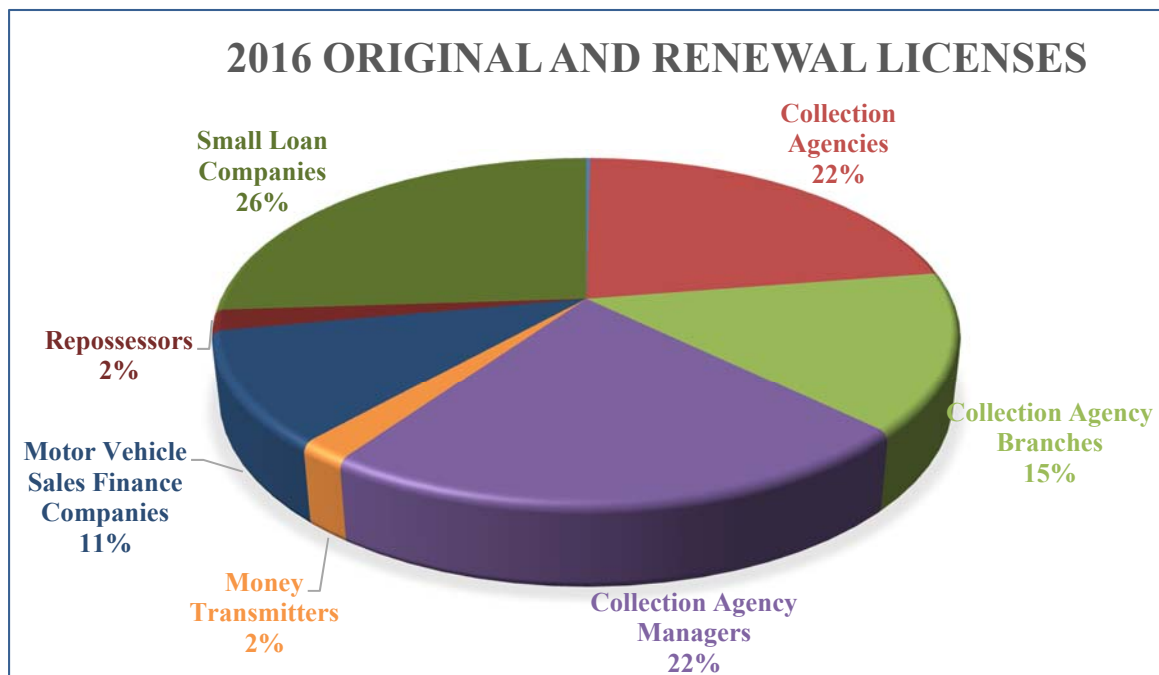
OVERVIEW

The Consumer Industries area, within the Financial Institutions Division (Division), is responsible for the regulatory oversight of collection agencies, money service businesses, motor vehicle sales finance companies, repossession companies, and small loan companies. Oversight of these industries consists of licensing, examinations, investigations, managing consumer complaints, and protecting the financial interests of the public.

The following statutes are pertinent to the Consumer Industries area, the New Mexico Collection Agency Regulatory Act (§61-18A-1 NMSA 1978), the New Mexico Small Loan Act of 1955 (§58-15-31 NMSA 1978), the Motor Vehicle Sales Finance Act (§58-19-1 NMSA 1978), and the Uniform Money Services Act (§58-32-101 through §58-32-1004 NMSA 1978). The Division also oversees the regulatory compliance with other state and federal lending laws such as the Money, Interest, and Usury statute (§56-8-1 to §56-8-30 NMSA 1978) and the New Mexico Bank Installment Loan Act of 1959 (§58-7-1 NMSA 1978).

LICENSING

In 2016, the Division issued or renewed twenty-five hundred eight four (2,584) licenses. The largest percentage of licenses issued was in the collection agency industry, which accounted for 59% of all licenses issued. Small Loan companies account for 26% of all licenses. The remaining industries account for 15% of all licenses issued in 2016. The table below reflects the percentage of each license type in comparison to the overall number of licenses issued or renewed in 2016.



Collection Agencies and Repossessors:

The total number of licenses for this industry increased by 3% from 2015. The largest area of growth was the increase in the number of new collection agency branch locations. The numbers in the table below are inclusive of new companies entering New Mexico for the first time and existing companies opening additional branch offices.

License Type	Year-End 2014	Year-End 2015	Year-End 2016
Collection Agencies	578	566	576
Collection Agency Branches	362	354	384
Collection Agency Managers	603	569	576
Repossessors	57	53	50
Total	1,600	1,542	1,586

Consumer Finance Companies

The total number of licenses for the consumer finance industries has decreased slightly from 2015. The largest decrease occurred in the small loan industry which declined by approximately 5%. The decrease was largely in part to several closures of various storefront locations in 2016.

License Type	Year-End 2014	Year-End 2015	Year-End 2016
Motor Vehicle Sales Finance Companies	297	282	271
Small Loan Companies	684	711	673
Total	981	933	944

Money Service Businesses:

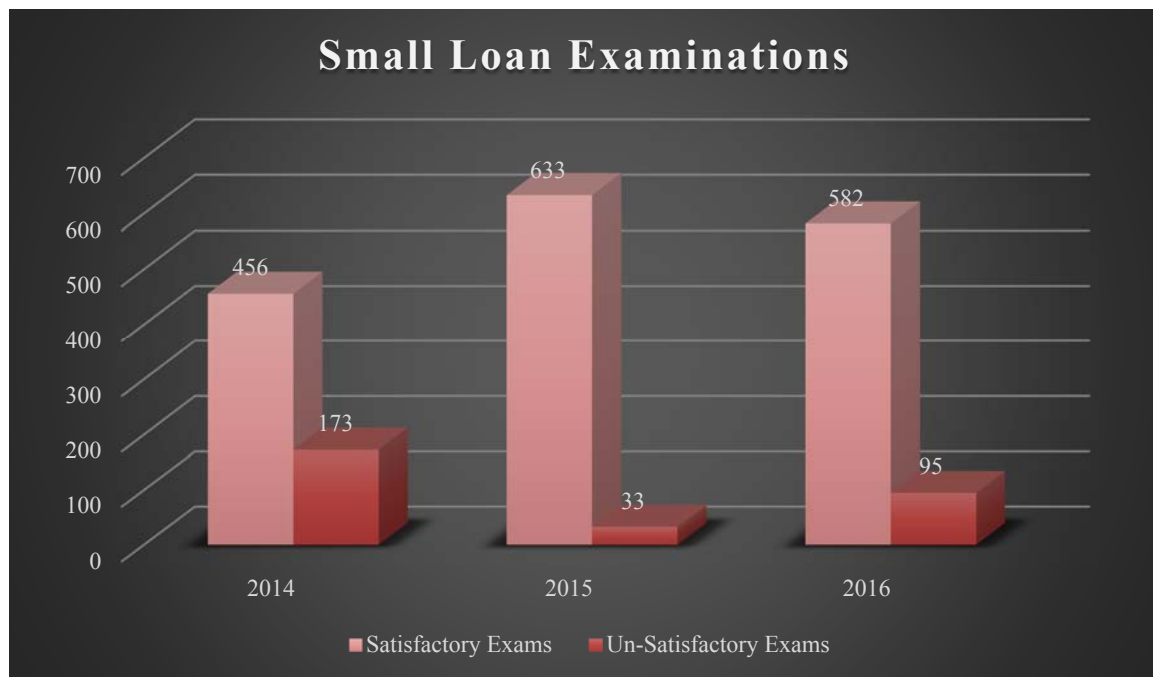
In 2016, the Division began licensing all money service businesses upon the passage of the Uniform Money Services Act (UMSA). The UMSA, effective as of January 1, 2017, was designed to implement reporting requirements protecting New Mexico residents from the effects of illegal money laundering and fraudulent activity. A total of 54 money service businesses were approved for one of the three new license types prior to the implementation date. Since the implementation date, the number of businesses licensed under the UMSA has nearly doubled.

License Type	January 1, 2017
Check Cashers	5
Currency Exchange Companies	0
Money Transmitters	49
Total Licenses Issued	54

EXAMINATIONS

The consumer area focuses on consumer protection and each licensee's adherence to all applicable federal and state statutes and regulations. Examinations are essential to ensure that all licensees are operating in a manner that is lawful, honest, and efficient. Licensees are evaluated on their financial condition, regulatory compliance, operational controls, and risk management procedures.

The Division has continued to expand its examination processes to include a more in-depth review of each licensee's operations and management oversight. In 2016, the Division completed six hundred sixty two (662) small loan examinations. This was a slight decrease from six hundred sixty six (666) the previous year. Results of the examinations concluded that in 2016 the percentage of companies given a satisfactory rating had slightly decreased to 87.92% from 95.05% the previous year. However, this is a great improvement from 2014 when only 72.5% of all small loan licensees were considered to be satisfactory. This demonstrates that the industry has continued its effort to offer safe and sound lending alternatives to New Mexico residents.



COMPLAINTS

The Division handles consumer complaints pertaining to the various industries and licenses in the consumer area. For 2016, the Division received, investigated, and resolved a total of 13 written complaints. The industry with the largest number of complaints was the small loan industry with 8. The chart below details the number of complaints received for each industry.

Industry	2014	2015	2016
Collection Agencies	1	6	4
Motor Vehicle Sales Finance Companies	0	2	1
Repossessors	2	0	0
Small Loan Companies	1	4	8
Totals	4	12	13

LOOKING FORWARD

The Division will continue to ensure proper oversight over all licensees and adapt to the ever changing regulatory environment. Regulated entities must be kept safe and sound to ensure all New Mexicans have access to adequate financial products and services. Over the next year, the Division will continue this mission by improving the licensing and examination processes of each industry. The Division will begin examining motor vehicle sales finance companies in 2017 and plan to continue the developing the examination process for collection agencies and money service businesses.

In addition, the Division will begin the rule making process for money service businesses to ensure all licensees are operating safely, honestly, and effectively. Proposed rules should be make available for public comment sometime in 2017 to ensure that any finalized regulation will be fair and comprehensive.

“As we continue to move forward, the Financial Institutions Division (FID) will maintain its regulatory oversight of each industry by utilizing new technologies and new ideas that enable FID to evolve in an ever changing regulatory environment. The small loan reforms and the proposed money service business regulations are designed to further protect New Mexicans from potentially harmful practices. I would like to personally thank everyone associated with each consumer industry for your continued dedication and hard work. Your perseverance ensures that each New Mexican has access to safe and adequate financial products and services.”



David J. Mora
Consumer Industry Manager



New Mexico Mortgage and Escrow Industries

Mortgage and Escrow Commentary

OVERVIEW

The Mortgage Regulatory Division oversees mortgage loan companies (MLC), mortgage loan originators (MLO) and escrow companies with effective and timely monitoring, supervision and enforcement. The Mortgage Regulatory Division is responsible for upholding its consumer protections mandate by ensuring the adherence to applicable federal and state statutes and regulations. The Mortgage Regulatory Division works directly with mortgage loan companies and escrow companies to provide guidance, support and information. In addition, the Mortgage Regulatory Division facilitates the resolution of all consumer complaints against mortgage loan companies, mortgage loan originators and escrow companies through proper investigation, mitigation, resolution and closure.

The Mortgage Regulatory Division operates under the Mortgage Regulatory Fund (MRF). MRF was created as a non-reverting fund in the state treasury and is administered the Financial Institutions Division of the Regulation and Licensing Department. The fund consists of application, licensing, renewal, examination, investigation and any other fees received that are associated with the costs of administering the New Mexico Mortgage Loan Originator Licensing Act (58-21B-1 NMSA 1978), fees specified in Subsection E of Section 58-21-5 NMSA 1978 and any money that is appropriated or donated or that otherwise accrues to the fund. Money in the fund shall be invested by the state investment officer in the manner that land grant permanent funds are invested pursuant to Chapter 6, Article 8 NMSA 1978. Income from investment of the fund shall be credited to the fund.

Money in MRF is appropriated to the Financial Institutions Division of the Regulation and Licensing Department to carry out the provision of the New Mexico Mortgage Loan Originator Licensing Act and the Mortgage Loan Company Act (58-21-1 NMLS 1978).

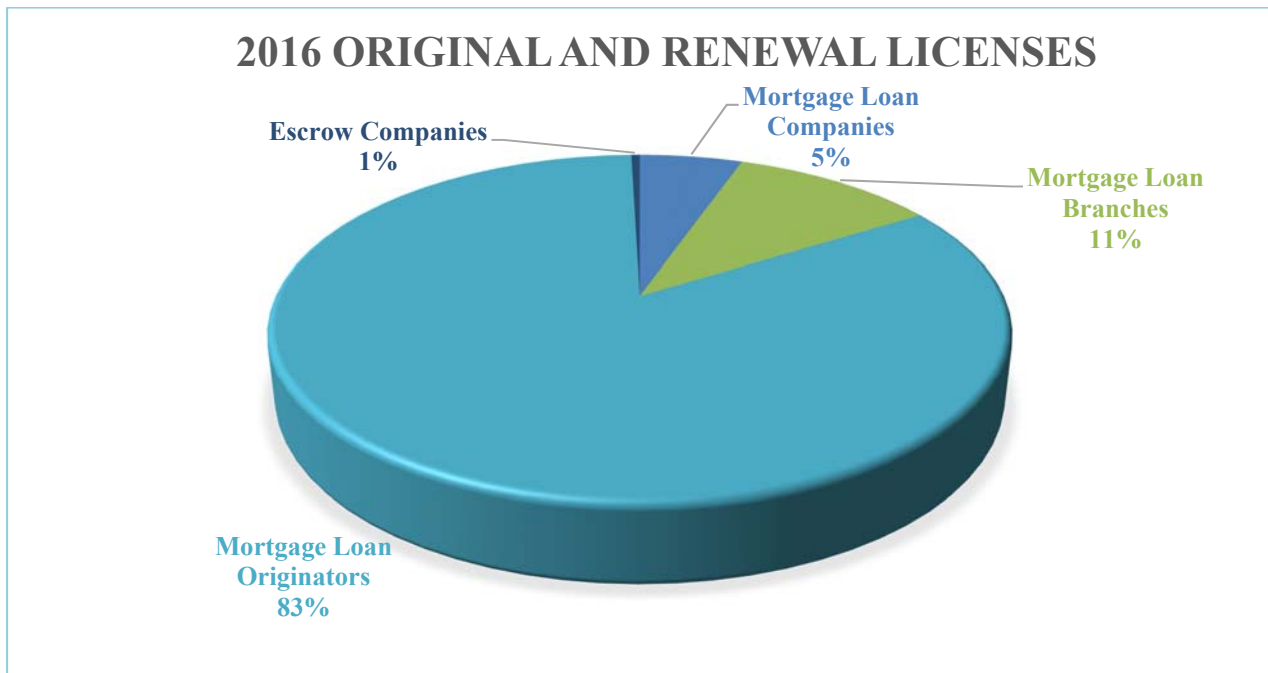
LICENSING

Nationally - In 2016, the number of state- licensed mortgage loan companies (MLC's) grew 2.2%. The number of licensed mortgage loan originators (MLO's) grew by 7.6% and the number of licenses held by MLO's grew by 19.4%. Mortgage originations by state-licensed MLO's surpassed \$1 trillion, up 20% from 2015.

New Mexico - As of December 31, 2016, the Mortgage Regulatory Division supervises three hundred and eighty-nine (389) mortgage loan companies, seven hundred and seventy-nine (779) branches, six thousand and forty-one (6041) mortgage loan originators, and thirty-two (32) escrow companies.

ORIGINAL AND RENEWAL LICENSES

License Type	Year Ending 2016	Year Ending 2015
Mortgage Loan Companies	389	379
Mortgage Loan Branches	779	656
Mortgage Loan Originators	6041	4919
Escrow Companies	33	33



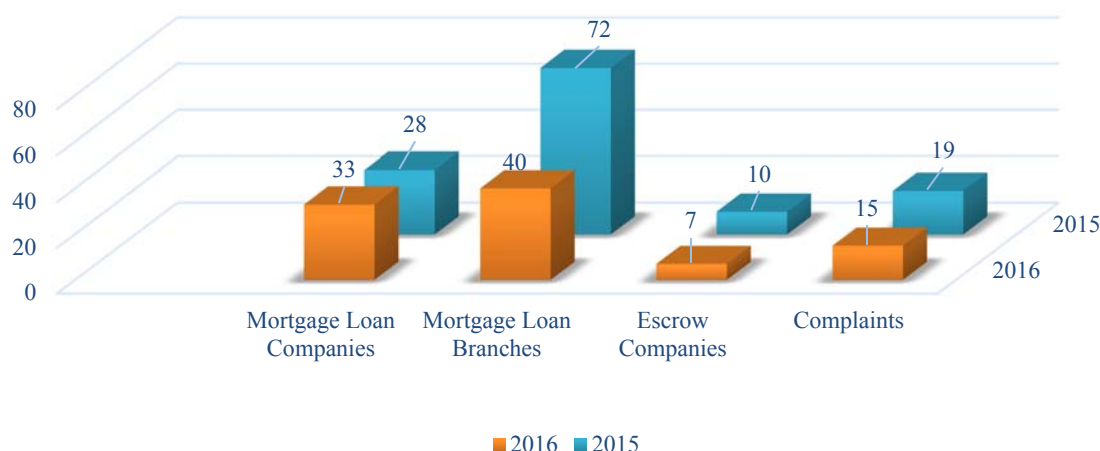
EXAMINATIONS

The examination process continues to expand to include a more in-depth review of the company's financial condition, compliance procedures and management oversight. More comprehensive examinations will foster greater industry compliance, which in turn will produce better markets for consumers. Examination procedures are a living document and a guide to assist mortgage examiners and provide standards for examinations of mortgage loan companies and escrow companies. These procedures are subject to change based on changes in examination techniques, MLC statutes and rules, and applicable changes to federal regulations.

In 2016, the Mortgage Regulatory Division examined thirty-three (33) mortgage loan companies, forty (40) mortgage loan branches and seven (7) escrow companies. In 2015, the Mortgage Regulatory Division examined twenty-eight (28) mortgage loan companies, seventy-two (72) mortgage loan company branches and ten (10) escrow companies.

In 2016, the Mortgage Regulatory Division received, investigated and resolved nine (9) mortgage complaints and six (6) escrow company complaints compared to 2015 of twelve (12) mortgage complaints and seven (7) escrow company complaints.

Examinations and Complaints 2016 vs 2015



2016 DEVELOPMENT AND ENHANCEMENTS

Electronic Surety Bonds – A fully electronic method for submitting and maintaining surety bonds was implemented in 2016 with nine state agencies adopting this functionality for 33 license types.

System Usability:

- **Document Upload.** Branch document upload functionality was enhanced to organize document upload views in pending and submitted filings and allow users to more easily identify documents modified on a filing. Similar company document upload enhancements were deployed in 2015.
- **Form Submission.** NMLS was enhanced to eliminate the need for a direct owner/executive officer, indirect owner, qualifying individual, and/or branch manager to attest to a new individual filing if information is current and no criminal background check or credit report requirements need to be met.
- **Authorized Agents (UAAR).** Address verification functionality was improved to allow a licensee who has previously uploaded an authorized agent to update the agent record even if the automated address validation system validates to a different address

Nationwide Mortgage Licensing System (NMLS) Consumer Access: NMLS Consumer Access is a fully-searchable website that allows consumers to view information concerning companies, branches, and individuals that are state licensed or federally registered in NMLS. This free service is a valuable consumer resource containing information on virtually all MLOs operating in the United States as well as any state-licensed or federally registered companies in

NMLS. In addition to identifying information for each individual or entity, detailed information on all licenses or registrations held, as well as any applicable regulatory actions taken, is included. In 2016, 104 million visitors viewed almost 3.7 million pages on the NMLS Consumer Access website. SRR launched NMLS Consumer Access in 2010.

Mortgage Call Reports (MCR's) – MCR Analytics, which provides mortgage examiners with self-serve access to customizable aggregations of Mortgage Call Report data, continued to be the most popular tool in the NMLS Analytics suite, with 325 unique users in 52 state agencies. Renewal Analytics was heavily used again during the 2017 renewal period to track the renewal progress of state licenses, with 94 users in 42 state agencies.

LOOKING FORWARD

Year after year the Mortgage Regulatory Division continues to grow and expand its processes, policies and procedures to evolve with its regulatory oversight and industry changes. 2016 was no exception. Efforts to streamline the supervisory process while ensuring the safety and soundness of entities operating within our state and protecting consumers continues to be at the forefront.

In addition, 2017 includes significant process developments which includes the modernization of NMLS, new and enhanced system functionality, and the expanded use of NMLS by additional state agencies with oversight of financial services industries.

- **NMLS 2.0** – The goal of NMLS is to employ the benefits of local, state-based financial services regulation on a nationwide platform that provides for improved coordination and information sharing among regulators, increased efficiencies for industry, and enhanced consumer protection. During 2016, NMLS continued to deploy improved software development processes to increase responsiveness and deliver value faster for system users. Work continued in NMLS Modernization and Examination Management Tool Suite

NMLS is working on the following major enhancements for future implementation.

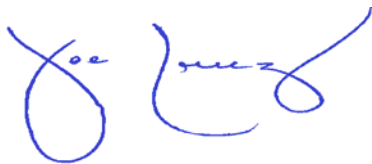
- **Electronic Surety Bond Enhancements.** Additional surety bond enhancements are being developed to extend surety bond delivery, tracking, and maintenance capabilities in NMLS.
- **Money Services Businesses (MSB) Call Report.** A new reporting capability is being developed for MSB licensees to submit their routine financial and business reporting electronically in NMLS. Deployment is scheduled for Q1 2017.
- **Next Generation Identification Program – RAP Back Service.** Participate in the FBI's "RAP Back" program that would permit NMLS to receive information on subsequent arrests or prosecutions for individuals and provide notices to the relevant regulators.
- **PE Expiration.** Implement functionality in NMLS to expire pre-licensing education (PE) courses for individuals if they have not obtained a license or federal registration within three years of required course completion. After expiration, an

individual will have to become compliant with PE requirements before they can apply for a new license.

- **NMLS Expansion** – The Division regulates a wide range of financial services and the need to streamline licensing process continues to be a major goal of the Division. This includes the expansion of non-depository services into NMLS. NMLS processes a variety of transactions for system users. NMLS assists state regulators in supervising their licensed entities, enables licensees to apply for and maintain a license, and allows federally regulated depository institutions and subsidiaries to manage their registered MLOs through a single system. The most common transactions performed through NMLS are new applications, amendments, and renewals. NMLS serves as the vehicle for scheduling testing and education and maintaining all state-licensed MLO test and course completion records. The System receives and processes requests for criminal background checks for state-licensed and federally registered individuals and credit reports for state licensees. Additionally, NMLS collects state fees from licensed entities and disburses such funds to the regulatory agencies

The Mortgage Regulatory Division will continue its supervision and regulation of the industries within it oversight and commits to function and performance at the highest levels while maintaining a positive working relationship with consumers and industry.

Thank you to the mortgage and escrow industries for their tenacity and determination in a continually evolving regulatory environment and to their commitment to the consumers of the state of New Mexico.



Joe Cruz
Manager
Mortgage and Escrow Regulatory Division