



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

June 23, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank
Charter Number: 14786

414 10th Street
Alamogordo, NM 88310-6766

Office of the Comptroller of the Currency

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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 **Satisfactory**.

The lending test is rated: Satisfactory.

The community development test is rated: Satisfactory.

The major factors that support this rating include:

- First National Bank's (FNB) loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs.
- FNB originated a majority of its loans inside its delineated assessment area (AA).
- The bank's geographic distribution reflects excellent distribution of lending across geographies of different income levels for loans to small businesses and a reasonable distribution for consumer loans.
- The bank's borrower distribution reflects, given the demographics of the AA, reasonable penetration among businesses of different sizes and individuals of different income levels including low- and moderate-income.
- FNB did not receive any Community Reinvestment Act (CRA)-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.
- The bank's performance under the Community Development (CD) Test showed adequate responsiveness to CD needs through CD lending, qualified investments/donations, and CD service activities.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio was reasonable. The evaluation considered the average net LTD ratio's reasonableness given information from performance context including the institution's capacity to lend, the capacity of other similarly situated institutions to lend in the AA, demographic and economic factors present in the AA, and the lending opportunities available in the AA.

Examiners analyzed the bank's quarterly average LTD ratio for the 11 quarters since the prior CRA Performance evaluation through March 31, 2025. FNB's average LTD ratio for the period was 46.2 percent. The bank's ratio ranged from a high of 49.4 percent as of September 30, 2022, to a low of 42.8 percent as of March 31, 2024. For purposes of comparison, examiners selected five similarly situated banks generally operating in the same geographic region with comparable asset sizes. The combined average quarterly LTD ratio for these institutions over the same period was 52.5 percent. The combined average quarterly LTD ranged from a high of 77.6 percent and a low of 35.9 percent. Although FNB's average quarterly LTD is below the range of comparable institutions, the ratio does not reflect the impact of the bank's origination and sale of residential mortgage loans into the secondary market. In addition, the bank routinely originates smaller consumer loans within the AA. These smaller consumer

loans do not significantly impact the LTD ratio but do provide important access to credit within the AA. There have been no material limitations on FNB's capacity to lend during the evaluation period.

Lending in Assessment Area

A majority of the bank's loans were inside its AA.

The bank originated and purchased 55.0 percent of its total loans inside the bank's AA during the evaluation period, based on a representative sample of small business and consumer loans. 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. Of note, a material percentage of consumer loans are originated outside FNB's AA are due to the bank's participation in a third-party consumer lending program.

Table 1: Lending Inside and Outside of the Assessment Area										2022-2024
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Small Business	17	85.0	3	15.0	20	4,238	87.8	588	12.2	4,826
Consumer	5	25.0	15	75.0	20	86	3.5	2,388	96.5	2,474
Total	22	55.0	18	45.0	40	4,324	59.2	2,976	40.8	7,300
Source: 1/1/2022 - 12/31/2024 Bank Data.										
Due to rounding, totals may not equal 100.0%										

Description of Institution

FNB is a single-state community bank headquartered in Alamogordo, New Mexico, a non-metropolitan area in the southeastern part of the state. FNB is a subsidiary of a one-bank holding company, First Alamogordo Bancorp of Nevada, Inc. The holding company owns 100.0 percent of the bank's stock. The bank has no subsidiaries. As of December 31, 2024, FNB reported total assets of \$473.7 million with net loans of \$208.5 million or 44.0 percent of total assets. The loan portfolio consists primarily of \$153.5 million in real estate loans. These loans represent 73.6 percent of net loans. The vast majority of the real estate portfolio is comprised of commercial real estate loans, which have a total balance of \$108.9 million. Additionally, consumer loans total \$46.6 million or 22.4 percent of net loans. Total deposits were \$456.9 million, and tier one capital totaled \$48.5 million.

The bank has delineated a single non-MSA AA in southeast New Mexico comprised of Otero, Lincoln, Eddy, and Chaves counties. FNB offers a traditional mix of loan and deposit products that are delivered through the bank's physical locations. The bank maintains five full-service locations and one limited-service location within the AA, including the main office located in a moderate-income geography. With the exception of the Ruidoso branch, each banking location includes a deposit-taking ATM on the premises. The bank also has two additional cash-dispensing ATM locations associated with shopping locations in Alamogordo. There were no branch openings or closings during the evaluation period. Lending strategies and product offerings are consistent throughout the AA. There were no mergers or acquisitions impacting the bank during the evaluation period.

FNB received an "Outstanding" rating on its previous CRA evaluation dated August 08, 2022. There were no legal, financial, or other factors impeding the bank's ability to meet the credit needs in its AA during the evaluation period.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period included an assessment of loan originations from January 1, 2022, through December 31, 2024. Examiners reviewed loan activity during the period to determine the bank's primary loan product as the focus for this evaluation. Primary loan products were determined based on the number of originations and purchases for each broad loan type made during the evaluation period. Based on the bank's volume of commercial and consumer originations, these were both selected as primary products. The bank's originations by dollar and number of residential real estate and farm loans represented minimal volume, and analysis of those products was not considered as part of this evaluation.

Selection of Areas for Full-Scope Review

In each state where a bank has an office, one or more of the AAs within that state are selected for a full-scope review. For the purposes of this evaluation, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. Refer to the "Scope" section under the State Rating for details regarding how full-scope AAs were selected. Also refer to appendix A, Scope of Examination, for AA details.

Ratings

The bank's overall rating is based on its performance in the state of New Mexico (NM). The state rating is based on performance within the bank's single NM AA. Refer to the "Scope" section under each State Rating for details how the areas are weighted in arriving at respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) (March 29, 2024) in determining a national banks 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 Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution 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 Mexico¹: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution reflects an excellent distribution of loans to small business and a reasonable distribution for consumer lending across geographies of different income levels within the bank's AA.
- The borrower distribution reflects reasonable distribution of lending to individuals of different income levels and businesses of different sizes within the bank's AA. The conclusion emphasizes competitive factors related to business lending.
- FNB demonstrated overall adequate responsiveness to the needs of the bank's AA through CD loans, qualified investments/donations, and CD services.

Description of Institution's Operations in New Mexico

The bank has delineated a single non-MSA AA in southeast New Mexico comprised of Otero, Lincoln, Eddy, and Chaves counties. The 2024 census data for the combined AA contains 60 census tracts, including 3 low-income tracts, 11 moderate-income tracts, 27 middle-income tracts, 17 upper-income tracts, and 2 unknown tracts. The bank has branch locations in Otero County (Alamogordo, Tularosa, and Cloudcroft), Lincoln County (Ruidoso), and Eddy County (Artesia). Alamogordo has one full-service and one limited-service location and other listed communities have one full-service location. The bank does not have any banking locations in Chaves County, which is to the north of Eddy County and geographically close to Artesia. Of the 27 middle-income tracts in the AA, 10 are designated distressed middle-income nonmetropolitan tracts, of which all are located within Chaves County.

FNB offers internet and mobile banking solutions to increase banking access to all customers. The bank's primary lending focus is commercial loans. FNB also originates a meaningful volume of consumer loans. Most residential mortgage loans are underwritten based on investor standards and then sold in the secondary market with origination volumes declining due to the elevated interest rate environment. Loans related to agricultural production and farmland represent a very small portion of the bank's lending activity.

Based on the FDIC deposit market share data as of June 30, 2024, the bank held 11.3 percent of the total deposits within the AA, ranking 4th in deposit market share out of the 14 depository institution in the market. Major banking competitors in the AA include CNB Bank, First American Bank, Wells Fargo

¹ This rating reflects performance within the state. The statewide evaluations do not reflect performance in the parts of those states contained within the MMSA.

Bank, and Western Commerce Bank, who hold a combined 59.1 percent deposit market share within the bank's delineated AA.

Economic Data

Based on data from Moody's Analytics Report dated March 2025, the state of New Mexico's economy is progressing at a healthy rate with total employment growth in line with that of the nation. Healthcare has led private industries in job growth. New Mexico's economy also relies heavily on governmental jobs given universities, national laboratories, and the military. Oil-rich deposits in the Permian Basin, which includes the bank's AA, has one of the nation's highest shares of drilling employment and oil extraction and is a key source of high-wage jobs. Even as the number of active rigs has declined, oil production in the Permian Basin has held steady in recent years thanks to productivity gains. The state does continue to struggle with an overreliance on public sector jobs, worker productivity below national averages, and impacts from the state's high poverty rates with some of the poorest rural areas in the country. Projections indicate that the New Mexico economy will cool and grow in line with the nation in 2025. The key energy and public sectors will provide stability but will not drive growth.

According to the U.S. Bureau of Labor Statistics, the average annual unemployment rate in the state of New Mexico was 4.1 percent in 2022, 3.7 percent in 2023, and 4.1 percent in 2024. New Mexico's annual average unemployment rate was above the national unemployment rate of 3.5 percent in 2022 and 3.8 percent in 2023. New Mexico's annual average unemployment rate was equal to the national unemployment rate of 4.1 percent in 2024.

The following chart details the annual unemployment rates for each county in the bank's AA, which generally mirror national and statewide rates.

Unemployment Rate – Annual Averages			
County	2022 (%)	2023 (%)	2024 (%)
Otero	4.2	3.9	4.4
Eddy	3.7	2.8	2.8
Lincoln	4.3	3.3	4.4
Chaves	4.1	3.6	4.2

Source: Evaluation Period: 01/01/2022 – 12/31/2024; BLS Unemployment Data

Otero County, New Mexico

Otero County is the third largest county in the state, representing 5.5 percent of the land area in New Mexico. The county includes 21 total census tracts including 2 low-income tracts, 5 moderate-income tracts, 7 middle-income tracts, 6 upper-income tracts, and 1 unknown tract. The largest employers in Otero County include Holoman Air Force Base, Alamogordo Public Schools, and Christus Health – Gerald Champion Regional Medical Center. The tourism industry in the county has seen positive growth in 2024 with key attractions like White Sands National Park contributing significantly to the local economy..

Lincoln County, New Mexico

Lincoln County encompasses 4.0 percent of the land area in New Mexico and contains important natural features such as Lincoln National Forest, the Sacramento Mountains, the Capitan Mountains, Bonito Lake, and the Valley of Firs Lava Fields. The county includes 9 total census tracts including 1 moderate-income tract, 6 middle-income tracts, 1 upper-income tract, and 1 unknown tract. The largest employers in Lincoln County include Ruidoso Downs Racetrack & Casino, Ruidoso Municipal Schools, and the U.S. Forest Service. Ruidoso's economy depends heavily on tourism, and the South Fork Fire in June

2024, followed by devastating mudslides, significantly impacted the town's growth. The destruction affected key attractions and disrupted local businesses.

Eddy County, New Mexico

Eddy County encompasses 3.4 percent of the land area in New Mexico. The county includes 13 total census tracts including 1 low-income tract, 6 middle-income tracts, 1 upper-income tract, and 1 unknown tract. The largest employers in Eddy County include Artesia General Hospital, HollyFrontier (petroleum refining and marketing company), and Agave Energy Company. The area continues to experience steady economic growth, fueled by its oil and gas industry, agriculture, and refining sector. The town's diverse economic base has helped maintain low unemployment rates, strong household incomes, and stable real estate values.

Chaves County, New Mexico

Chaves County encompasses 5.0 percent of the land area in New Mexico. The county includes 17 total census tracts including 5 moderate-income tracts, 10 middle-income tracts, and 2 upper-income tracts. All 10 middle-income tracts are designated distressed middle-income nonmetropolitan census tracts. The largest employers in Chaves County include New Mexico Military Institute, Walmart Supercenter, and Albertsons.

New-Mexico Non-MSA AA

Assessment Area – New Mexico Non-MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	2022-2024
						NA* % of #
Geographies (Census Tracts)	60	5.00	18.33	45.00	28.33	3.33
Population by Geography	215,579	5.46	18.61	39.91	35.08	0.94
Housing Units by Geography	102,349	3.20	16.83	43.23	35.57	1.17
Owner-Occupied Housing by Geography	52,864	3.38	15.45	41.26	38.98	0.93
Occupied Rental Units by Geography	23,915	4.19	20.24	46.94	28.20	0.43
Vacant Units by Geography	25,570	1.89	16.50	43.85	35.39	2.37
Businesses by Geography	7,993	4.33	17.35	36.93	40.02	1.36
Farms by Geography	472	2.54	13.56	44.92	37.71	1.27
Family Distribution by Income Level	50,754	21.18	15.36	18.50	44.96	0.00
Household Distribution by Income Level	76,779	22.89	14.91	15.77	46.44	0.00
Unemployment rate (%)	5.84	10.50	6.14	5.38	5.88	0.44
Households Below Poverty Level (%)	17.12	43.84	26.30	17.45	9.92	4.70
Median Family Income (Non-MSA NM)		\$57,380			Median Housing Value	\$132,400
Median Family Income (Non-MSA NM) for 2024		\$70,600			Median Gross Rent	\$771
					Families Below Poverty Level	13.48
FFIEC File - 2020 Census						
FFIEC File - 2024 Census						
2024 Dun & Bradstreet SBSF Demographics						
Due to rounding, totals may not equal 100.0%						
(*) The NA category consists of geographies that have not been assigned an income classification						

Housing and Income Data

The OCC evaluated the disparity between the median family incomes within the AA and the cost of housing. Based on the Federal Financial Institutions Examination Council (FFIEC), the area median family income (AMFI) is \$70,600 in the AA. The annual maximum low-income and maximum moderate-income calculations are based on 50.0 percent and 80.0 percent of the FFIEC AMFI for the AA. Additionally, low-income families earned less than \$35,300 and moderate-income families earned

at least \$35,300 and less than \$56,480 in the AA. The weighted average of median housing values in the AA is \$132,400 compared to median family income of \$49,356, which indicates that owner-occupied housing in the AA is somewhat more affordable than many areas of the country but may still be difficult to afford for many lower-income families. Assuming a 30-year mortgage with a 7 percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes or additional monthly expenses, the monthly mortgage payment for a home at the AA's median home value would be \$881. One method to determine housing affordability assumes a maximum affordable monthly principal and interest payment of no more than 30 percent of the applicant's income. The calculated maximum affordable monthly mortgage payment was \$883 for a low-income borrower and \$1,412 for a moderate-income borrower. This demonstrates that the low income borrowers would be hard pressed to afford the average house in the AA though it would be affordable to moderate-income borrowers. This pattern of affordability is also evident in rental properties with average rents in the AA of \$771 per month.

Community Contact:

As part of this evaluation, the OCC utilized a community contact with an economic development organization working in the AA that serves to attract new businesses, support existing businesses, and develop workforce talent. The contact highlighted that the local economy is primarily driven by Holloman Air Force Base, White Sands National Park (tourism), and a regional hospital. The community features a significant Hispanic population, relatively stagnant population growth, and elevated poverty levels. Higher-wage employment opportunities are predominantly provided by the hospital and the military base. The contact also identified ongoing credit challenges as barriers to small business startups and with established businesses facing difficulties in securing expansion financing, particularly amid uncertain economic conditions.

Scope of Evaluation in New Mexico

A full-scope review was performed for FNB's single non-MSA AA in New Mexico. Refer to Appendix A for additional details.

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.

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

Distribution of Loans by Income Level of the Geography

The bank exhibited excellent geographic distribution of loans in the state.

Loans to Small Businesses

Refer to Table 9 in the State of New Mexico section of 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.

The geographic distribution of business loans in the New Mexico Non-MSA AA is excellent overall. The bank's percentage of loans to businesses in low-income tracts of 12.5 percent significantly exceeds the percentage of businesses in the AA of 4.3 percent and peer aggregate lending performance of 6.3 percent. The bank's percentage of loans to businesses in moderate-income tracts of 15 percent is slightly below the percentage of businesses in moderate-income tracts of 17.5 percent and is consistent with peer aggregate performance of 14.9 percent. When combined the bank's lending in low- and moderate-income geographies exceeds the percentage of businesses in the AA and peer aggregate lending performance.

Consumer Loans

Refer to Table 13 in the State of New Mexico section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

The geographic distribution of consumer loans in the New Mexico Non-MSA AA is reasonable overall. The bank did not originate any consumer loans in the low-income tracts, which is slightly below the percent of households in the AA. However, only 3.6 percent of households in the AA are within low-income geographies limiting lending opportunities. The bank's percentage of consumer loans in moderate-income tracts of 20 percent exceeds the percentage of households in the AA of 17 percent.

Lending Gap Analysis

OCC examiners reviewed summary reports, maps, and analyzed the bank's small business and consumer lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. Examiners did not identify any unexplained conspicuous gaps in the bank's AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibited a reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Small Loans to Businesses

Refer to Table 10 in the State of New Mexico section of 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.

The borrower distribution of loans to businesses of different sizes in the New Mexico Non-MSA AA is reasonable overall considering performance context. The bank's percentage of loans to small businesses of 50 percent is significantly below the percentage of small businesses in the in the AA of 78.9 percent but on par with peer aggregate lending performance of 54.8 percent. Examiners placed greater weight on the peer aggregate lending performance and considered the overall strong lending competition in the AA.

Consumer Loans

Refer to Table 14 in the State of New Mexico section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of loans to consumers of different income levels in the New Mexico Non-MSA AA is reasonable overall. The percentage of the bank's consumer lending to low-income borrowers of 15 percent was below the percentage of households in low-income tracts within the AA of 22.9 percent. The percentage of the bank's consumer lending to moderate-income borrowers of 25 percent significantly exceeded the percentage of households in moderate-income tracts within the AA of 14.9 percent. When combined, the bank's lending to low- and moderate-income borrowers exceeds the percentage of LMI households in the AA.

Responses to Complaints

The 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 Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

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

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 table includes all CD loans, including multifamily loans that also qualify as CD loans.

Table 3: Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Non MSA	18	85.7	38,707	84.7
Broader Statewide or Regional Area	3	14.3	7,015	15.3
Total	21	100.0	45,722	100.0

The bank demonstrated excellent responsiveness to community development needs through CD lending, considering the bank's capacity and availability of opportunities in the AAs. During the evaluation period, the bank originated 18 CD loans in the AA totaling nearly \$38.7 million, representing 79.8 percent of allocated tier 1 capital. Loans primarily supported economic development.

The following are examples of CD loans the bank originated or purchased in this AA:

- Nine loans totaling \$24.3 million to various entities for the acquisition, construction, and development of hotel properties within the AA. These projects are expected to create and retain jobs primarily accessible to LMI individuals.
- Three loans totaling \$2.3 million to two entities for the acquisition of property intended for the construction of convenience stores. The projects will contribute to local economic stability and retain all existing staff, primarily comprised of LMI individuals.
- One \$18,370 loan to purchase a trailer to support a nonprofit organization that serves LMI families through education, health, and wellness programs. The trailer is used at community events to provide convenient access to materials and create a welcoming environment for engaging with participants.

Broader Statewide or Regional Area

During the evaluation period, the bank made three loans to various entities which totaled \$7.0 million for the acquisition, construction, and development of hotel properties to create and retain jobs primarily accessible to LMI individuals.

Number and Amount of Qualified Investments

The Qualified Investment Table, shown below, set forth the information and data used to evaluate the bank's level of qualified CD investments. These tables include all CD investment, including prior period investments that remain outstanding as of the examination date.

Table 4: Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Non MSA	6	2,142	11	1,015	17	60.7	3,157	35.1	0	0
Broader Statewide or Regional Area	8	3,929	3	1,903	11	39.3	5,832	64.9	0	0
Total	14	6,071	14	2,918	28	100.0	8,989	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.

The level of qualified investments and donations demonstrates adequate responsiveness to the needs in the AA. During the evaluation period, the bank had 17 qualified CD investments and donations totaling \$3.2 million, which is equivalent to 6.6 percent of allocated tier 1 capital. The bank made three current period CD investments which totaled \$996,724 and eight qualified donations totaling \$18,000. Prior and current period investments consisted of approximately \$3.2 million in municipal bonds to school districts serving LMI communities.

Additionally, the AA benefitted from the ongoing impact of prior period CD investments with an outstanding balance of \$2.1 million. The bank had no unfunded commitment. The bank's CD investments were responsive to affordable housing needs and economic development support in the AA.

The following are examples of qualified investments in the AA:

- Four donations totaling \$16,000 were provided to a nonprofit with a mission to support, fund and uplift organizations within the AA that serve LMI families, youth, and seniors. Many of the organizations serve to feed LMI families.
- Donations totaling \$1,000 to two nonprofit organizations that support LMI individuals and families by providing food and other essential household needs.
- A \$500 donation to a nonprofit that provides services to strengthen LMI families through education, health and wellness programs.

Broader Statewide or Regional Area

During the evaluation period, the bank made three current period CD investments which totaled \$1.9 million and consisted of three municipal bonds to the community colleges serving LMI communities. These CD investments qualify for CRA credit as such activities need not also benefit the bank's AA or the broader statewide or regional area(s) that includes the bank's AA, according to 12 CFR 25.21(f).

Extent to Which the Bank Provides Community Development Services

The level of CD services reflects an adequate responsiveness to needs in the AA. Four bank employees contributed a total of 293 hours serving as board members and/or officers of six qualifying organizations. These organizations provide essential services to LMI individuals and promote economic development through job creation and support for small businesses.

The following are examples of qualified services in the AA:

- Bank employees served 106 hours as board members for a nonprofit with a mission to support, fund and uplift organizations within the AA that serve LMI families, youth, and seniors. Many of the organizations serve to feed LMI families.
- An employee provided 72 hours as a board member for an organization dedicated to fostering the development, growth, and prosperity of small businesses and the surrounding community within LMI geographies. The organization focuses on innovative strategies to attract tourism and sustain the local economy.
- An employee served 48 hours in a leadership position for an organization implementing the Metropolitan Redevelopment Area (MRA) Plan, which promotes economic development in commercial gateway districts within the AA. The bank officer provided budget oversight and preparation of monthly balance sheets and profit and loss statements.

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:	01/01/2022 to 12/31/2024	
Bank Products Reviewed:	Small Business, Consumer Loans, Community Development Loans, Qualified Investments/Donations, 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
New Mexico		
Non-MSA	Full-Scope	AA includes the counties of Otero, Lincoln, Eddy and Chaves

Appendix B: Summary of MMSA and State Ratings

RATINGS			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
First National Bank	Satisfactory	Satisfactory	Satisfactory
New Mexico	Satisfactory	Satisfactory	Satisfactory

(*) 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 CD loans and qualified investments, branch distribution, and CD services).

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the 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.

Multistate Metropolitan Statistical Area (MMSA): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

Prior Period Investments: Investments made in a previous evaluation period that are outstanding as of the end of the evaluation period.

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 multistate 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 multistate metropolitan statistical area, the institution will receive a rating for the multistate 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.

Unfunded Commitments: Legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

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/AA. 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 7. 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 8. 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/AA. The table also presents aggregate peer data for the years the data is available.
- Table 9. 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 AA.
- Table 10. 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.
- Table 11. 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 AA.

- Table 12. 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 \$500,000) 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 13. 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 14. 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/AA.

Table 9: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																			2022 - 2024
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 Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Aggregate
New Mexico Non-MSA	40	7,586	100.0	6,620	4.33	12.5	6.30	17.35	15.0	14.85	36.93	17.5	34.94	40.02	55.0	42.90	1.36	--	1.01
Total	40	7,586	100.0	6,620	4.33	12.5	6.30	17.35	15.0	14.85	36.93	17.5	34.94	40.02	55.0	42.90	1.36	--	1.01

Source: FFIEC File – 2020 - 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 202022, 2023, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%

Table 10: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2022 - 2024
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total Number	Overall Market	% Businesses	% Bank Loans	% Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
New Mexico Non-MSA	40	7,586	100.0	6,620	78.82	50.0	54.82	8.91	40.0	12.28	10.0
Total	40	7,586	100.0	6,620	78.82	50.0	54.82	8.91	40.0	12.28	10.0
Source: FFIEC File – 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, 2022, 2023, 2024 Dunn & Bradstreet SBSF Demographics, 2022, 2023 CRA Aggregate Data, "-" data not available.											
Due to rounding, totals may not equal 100.0%											

Table 13: Assessment Area Distribution of Consumer Loans by Income Category of the Geography													2022 - 2024	
Assessment Area:	Total Consumer Loans			Low-Income Tracts		Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts		Not Available-Income Tracts		
	#	\$	% of Total	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
New Mexico Non-MSA	20	256	100.0	3.63	--	16.94	20.0	43.03	25.0	35.62	55.0	0.78	--	
Total	20	256	100.0	3.63	--	16.94	20.0	43.03	25.0	35.62	55.0	0.78	--	

Source: FFIEC File - 2020 Census; 1/1/2022 - 12/31/2024 Bank Data.

Due to rounding, totals may not equal 100.0%

Table 14: Assessment Area Distribution of Consumer Loans by Income Category of the Borrower													2022 - 2024	
Assessment Area:	Total Consumer Loans			Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Not Available-Income Borrowers		
	#	\$	% of Total Number	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	% of Households	% Bank Loans	
New Mexico Non-MSA	20	256	100.0	22.89	15.0	14.91	25.0	15.77	20.0	46.44	15.0	--	25.0	
Total	20	256	100.0	22.89	15.0	14.91	25.0	15.77	20.0	46.44	15.0	--	25.0	

Source: FFIEC File – 2020, 2024 Census; 1/1/2022 - 12/31/2024 Bank Data, "--" data not available.

Due to rounding, totals may not equal 100.0%