



PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Los Alamos National Bank
Charter Number 15108

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Los Alamos, NM 87544

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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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General Information and Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution’s record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution’s record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Los Alamos National Bank (Los Alamos or bank) issued by the Office of the Comptroller of the Currency (OCC), the institution’s supervisory agency, for the evaluation period starting January 1, 2009 through December 31, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Los Alamos National Bank** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Los Alamos National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory	X	X	
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors considered in this rating include:

- An overall excellent level of lending, with an excellent level in the Los Alamos assessment area (AA) and a good level in the Santa Fe AA.
- An adequate distribution of home mortgage loans and an excellent distribution of small loans to businesses in low- and moderate-income (LMI) geographies in the Santa Fe AA.
- Overall, a very poor distribution of loans to LMI borrowers and a good distribution of loans to small businesses in the Los Alamos and Santa Fe AAs.
- A good level of community development loans in the Santa Fe AA, which enhances the

Bank's Lending Test rating

- A good level of community development investments and donations that address the need for affordable housing in the Santa Fe AA.
- Branch distribution that is reasonably accessible to individuals living in LMI geographies;
and
- A good level of community development services that were responsive to community development needs.

Definitions and Common Abbreviations

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

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

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

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

Community Development (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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family

households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

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

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

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

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and

typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

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

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

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

Description of Institution

Los Alamos National Bank (LANB or Bank) is a \$1.5 billion intrastate financial institution established in 1963 by local investors and headquartered in Los Alamos, New Mexico. LANB is owned by the Trinity Capital Corporation, a \$1.5 billion one-bank holding company also located in Los Alamos, New Mexico. The Bank currently has no other affiliates.

LANB is a full-service banking institution offering a wide range of loan and deposit products for individuals and businesses. The Bank's primary business focus is commercial lending to small- and medium-sized businesses. Residential real estate lending is also a significant product.

As of June 30, 2014, LANB reported total assets of \$1.465 billion, total deposits of \$1.304 billion, and Tier One Capital of \$129 million. The Bank's \$958 million loan portfolio consists of 63 percent commercial and commercial real estate loans, 33 percent residential real estate loans, three percent consumer loans, and one percent other loans.

LANB operates six full-service branches and 23 ATMs in its four assessment areas. Two branches are located in the Los Alamos assessment area, three branches are located in the Santa Fe AA, and one branch is located in the Albuquerque AA. The Bank operates and services 23 ATMs. Ten ATMs are in the Los Alamos AA; ten are in the Santa Fe AA; one is in the Albuquerque AA; and two are in the Espanola AA. Eighteen of the 23 ATMs are depository ATMs. LANB did not close any branch locations during the assessment period. The Bank opened its third Santa Fe location in October 2009.

The AA delineations meet the legal requirements of the Community Reinvestment Act (CRA) and do not arbitrarily exclude LMI geographies. LANB has no legal, financial, or other factors that impede its ability to help meet the credit needs of its AAs. The Office of the Comptroller of the Currency rated LANB's CRA performance "Satisfactory" at the Bank's last CRA evaluation dated August 10, 2009.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We reviewed home mortgage and small business loans for the period beginning January 1, 2009 through December 31, 2012. Within these general categories, we reviewed only primary loan products. Primary loan products for this review period are products in which the Bank originated at least 25 loans within the AAs during the evaluation period. Consequently, we reviewed home purchase, home refinance, and home improvement loans which are reported under the Home Mortgage Disclosure Act (HMDA). We also reviewed the Bank's CRA loans (small loans to businesses). The bank originated only one multifamily home mortgage loan and no farm loans during this review period.

This review covers two census periods. However, there is only one set of performance tables. Data from 2012, which is covered by the 2010 Census, is discussed in the applicable narrative sections of the evaluation. We reviewed community development investments and services for the period August 11, 2009 through December 31, 2013.

Data Integrity

Prior to this CRA evaluation, we tested the accuracy of LANB's publicly filed information on home mortgage loans and small loans to businesses. The data we reviewed was collected and reported by the Bank over the evaluation period. Additionally, CD investments, loans, and services made or rendered during the evaluation period were reviewed to determine their eligibility for consideration.

Selection of Areas for Full-Scope Review

LANB has four AAs. These consist of the Los Alamos Micropolitan Statistical Area (Los Alamos Micropolitan AA or Los Alamos AA), the Santa Fe Metropolitan Statistical Area (Santa Fe MSA or Santa Fe AA), one census tract (CT) in the Albuquerque/Bernalillo County MSA (Albuquerque AA), and one CT in the Espanola/Rio Arriba County Micropolitan Statistical Area (Espanola AA). The Bank's presence in the Espanola AA is limited to one full-service ATM and one limited service ATM in a middle-income distressed CT. We performed full-scope reviews of the Los Alamos and Santa Fe AAs, and limited-scope reviews of the Albuquerque and Espanola AAs. See Appendix A for the dates used in the various tests for this review. Also see Appendix B for the Los Alamos Micropolitan AA and Santa Fe MSA AA market profiles.

Ratings

The Bank's overall CRA rating is based primarily on the AAs that received full-scope reviews – the Los Alamos and Santa Fe AAs. Ninety-eight (98) percent of the total home mortgage and small business loans were originated in the full-scope AAs. To conclude on LANB's overall record of performance, we assessed activities in the AAs under the Lending, Investment, and

Service tests. The rating methodology is structured such that the Lending Test is weighted the most heavily of the three tests.

Under the Lending Test, we placed significantly more emphasis on the distribution of the Bank's home mortgage lending because that represents 83 percent of the loans we reviewed. We also placed more emphasis on performance in the Los Alamos AA because 56 percent of the home mortgage loans in the full-scope AAs, were originated or purchased in this AA. Furthermore, a majority of the deposits (61 percent) are attributable to the Los Alamos AA. Within the home mortgage loan category, we placed the most emphasis on home refinance loans since these loans represent 74 percent of total mortgage loans originated during the review period. Finally, we placed the most emphasis on the Bank's performance during the 2009-2011 review period, since this represents data for three of the four years we reviewed.

Other

We contacted one CD organization in Los Alamos and reviewed a recent contact with another CD organization in Santa Fe. These organizations indicated there is a need for lower cost loans that meet the needs of community development organizations that develop affordable housing for low- and moderate-income individuals. There is also a need for CD loans that can be used to rehabilitate old housing stock in Los Alamos and White Rock. In addition, there is an opportunity for banks to participate with other entities in the town of White Rock, where the central commercial district needs to be renovated and developed.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c) or 12 C.F.R. 195.28(c), respectively, in determining a national bank's or Federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with 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 (CFPB), as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices.

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.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

LANB's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the Bank's performance in the Los Alamos Micropolitan Statistical Area is poor and in the Santa Fe MSA, it is adequate. The high level of CD loans positively enhances the Bank's rating and contributes to an overall adequate performance.

Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in Appendix C for the facts and data used to evaluate the Bank's lending activity.

Los Alamos AA

LANB's lending activity in the Los Alamos AA is excellent. Based on 2012 deposit market share data, the Bank ranks first among four institutions and has a deposit market share of 84 percent. In comparison (based on dollar volume) LANB ranks first among 29 home purchase lenders with a market share of 51 percent and first among 61 home refinance lenders with a market share of 65 percent. The Bank ranks fourth among ten lenders that originate home improvement loans in this AA with a market share of 6 percent. For small loans to businesses, the Bank's market share also compares favorably to its deposit market share; LANB ranks second with a market share of 81 percent among 237 small business lenders.

Santa Fe AA

LANB's lending activity in the Santa Fe AA is good, particularly when considering the significant competition for home mortgage loans in this AA. Based on 2012 deposit market share data, the Bank ranks second among 11 banks and has a deposit market share of 21 percent. In comparison (based on dollar volume) LANB ranks second among 143 lenders that originate home purchase loans with a market share of seven percent and second among 230 lenders that originate home refinance loans with a market share of nine percent. For home improvement loans, the Bank ranks fifth among 27 lenders with a market share of less than one percent. For small loans to businesses, LANB ranks eighth among 44 lenders with a market share of 27 percent.

Distribution of Loans by Income Level of the Geography

Overall, distribution of home mortgage loans in LMI CTs is adequate. Distribution of small loans to businesses in LMI CTs is excellent. This conclusion is based entirely upon the Bank's lending performance in the Santa Fe AA, since there are no low- or moderate-income CTs in the Los Alamos AA. Refer to Tables 2-4 in Appendix C for the facts and data used to evaluate the Bank's lending activity.

Home Mortgage Loans

Santa Fe AA

Overall, the geographic distribution of home mortgage loans in LMI CTs in the Santa Fe AA in 2009/2011 is good.

2009-2011

Geographic distribution of home purchase loans in LMI CTs is adequate. The portion of the Bank's home purchase loans in low-income CTs is well below the demographic comparator and is poor. However, only 302 housing units in these CTs were owner-occupied, limiting opportunities for home mortgage loans. The Bank's market share in low-income CTs exceeds overall market share and is excellent. The portion of home purchase loans in moderate-income CTs is well below the demographic comparator and is poor. Market share exceeds overall market share, which is excellent.

Geographic distribution of home improvement loans in LMI CTs is excellent. The portion of home improvement loans in both low- and moderate-income CTs significantly exceeds the demographic comparators and is excellent. Market share in low-income CTs is very poor, as the Bank did not register a market share for loans in these tracts. Market share in moderate-income CTs significantly exceeds overall market share, which is excellent.

Geographic distribution of home refinance loans in LMI CTs is good. The portion of home refinance loans in low-income CTs significantly exceeds the demographic comparator and is excellent. Market share also significantly exceeds overall market share. The portion of the Bank's loans in moderate-income CTs is below the demographic comparator, but it is adequate. Market share exceeds overall market share and is excellent.

2012

Overall, the geographic distribution of the Bank's home mortgage loans in 2012 is weaker than in 2009/ 2011 and is poor.

Geographic distribution of home purchase loans in LMI CTs is very poor. LANB did not originate any home purchase loans in low-income CTs in the Santa Fe AA and the portion of these loans in moderate-income CTs is significantly below the demographic comparator and is very poor. Market share for loans in moderate-income CTs is below overall market share, but it is adequate.

We did not perform an analysis of home improvement loans as the Bank only originated twelve home improvement loans in this AA during 2012.

Geographic distribution of home refinance loans in LMI CTs is poor. The portion of loans in low-income CTs is significantly below the demographic comparator and is very poor; market share is also well below overall market share and is poor. The portion of home refinance loans in moderate-income CTs is well below the demographic comparator and is poor; market share exceeds overall market share and is excellent.

Small Loans to Businesses

The geographic distribution of small loans to businesses in the Santa Fe AA is excellent for both the 2009-2011 and the 2012 review periods. Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to businesses.

Santa Fe AA

2009-2011

The geographic distribution of the Bank's small loans to businesses in 2009-2011 is excellent. The portion of these loans in both low- and moderate-income CTs significantly exceeds the demographic comparators, which is excellent. Market share for these loans in low-income CTs is below the overall market share, but it is adequate. Market share in moderate-income CTs is significantly above the overall market share, which is excellent.

2012

The geographic distribution of the Bank's small loans to businesses in 2012 is also excellent. The portion of these loans in both low- and moderate-income CTs significantly exceeds both the demographic comparators and the overall market share.

Lending Gap Analysis

We reviewed summary reports and maps and analyzed LANB's home mortgage and small business activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The Bank's AAs consist of whole geographies, meet the requirements of the CRA regulation, and do not arbitrarily exclude any low- or moderate-income areas.

Inside/Outside Ratio

For the combined four-year evaluation period, LANB originated a majority of all loan products inside its AAs. The Bank originated 80 percent of its home mortgage loans and 72 percent of its small loans to businesses in its AAs during the evaluation period.

Distribution of Loans by Income Level of the Borrower

Overall, the borrower distribution of home mortgage loans to LMI borrowers is very poor. The distribution of small loans to business is good.

Home Mortgage Loans

Borrower distribution of home mortgage loans in the Los Alamos AA is very poor and in the Santa Fe AA, it is poor. Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

Los Alamos AA**2009-2011**

Overall, the borrower distribution of home mortgage loans to LMI borrowers in the Los Alamos AA in 2009-2011 is very poor. This is driven primarily by the very poor distribution of home refinance loans to LMI borrowers. Distribution of both home purchase and home improvement loans to low-income borrowers is also very poor and contributed to the very poor rating.

Distribution of home purchase loans to LMI borrowers in the Los Alamos AA is adequate. The portion of the LANB's home purchase loans to low-income borrowers is significantly below the demographic comparator, and is very poor. The Bank's market share for these loans to low-income borrowers is significantly above overall market share, which is excellent. The portion of these loans to moderate-income borrowers is below the demographic comparator, but it is adequate. Market share is significantly above overall market share, which is excellent.

Distribution of home improvement loans to LMI borrowers is adequate. The bank did not make any home improvement loans to low-income borrowers; but the portion of loans to moderate-income borrowers is significantly above the demographic comparator and is excellent. The bank did not register a market share for home improvement loans to moderate-income borrowers.

Distribution of home refinance loans to LMI borrowers in the Los Alamos AA is very poor. The portion of LANB's home refinance loans to both low- and moderate-income borrowers is significantly below the demographic comparators and is very poor. Market share is also significantly below overall market share for loans to both low- and moderate-income borrowers; it is very poor for loans to low-income borrowers and poor for loans to moderate-income borrowers.

2012

Overall, the borrower distribution of home mortgage loans to LMI borrowers in the Los Alamos AA in 2012 is adequate.

The distribution of home purchase loans to LMI borrowers is good. The portion of home purchase loans to low-income borrowers is well below the demographic comparator and is poor. Market share is below overall market share, but it is adequate. The portion of home purchase loans to moderate-income borrowers is significantly above the demographic comparator, which is excellent. Market share is below the overall market share, but it is adequate.

There were too few home improvement loans to analyze. During 2012, the Bank originated only six home improvement loans in this AA.

The distribution of home refinance loans to LMI borrowers is adequate. The portion of loans to low-income borrowers is well below the demographic comparator, and it is poor. Market share is below overall market share, but it is adequate. The distribution of these loans to moderate-income borrowers is below the demographic comparator, and it is adequate. Market share is significantly above overall market share, and it is excellent.

Santa Fe AA**2009-2011**

Overall, the borrower distribution of home mortgage loans to LMI borrowers in the Santa Fe AA during 2009-2011 is poor.

Distribution of home purchase loans to LMI borrowers is very poor. The portion of home purchase loans to both low- and moderate-income borrowers is significantly below the demographic comparators, which is very poor. Market share is also very poor as it is significantly below overall market share for loans to both low- and moderate-income borrowers.

Distribution of home improvement loans to LMI borrowers is good. The portion of home improvement loans to low-income borrowers is significantly below the demographic comparator, and is very poor. The bank's market share to these borrowers is significantly above the demographic comparator, and is excellent. The portion of home improvement loans to moderate-income borrowers is near to the demographic comparator, which is good. Market share is significantly above, which is excellent.

Distribution of home refinance loans to LMI borrowers is poor. The portion of home refinance loans to low-income borrowers is significantly below the demographic comparator and is very poor. Market share compared to overall market share is also very poor. The portion of home refinance loans to moderate-income borrowers is well below the demographic comparator and is poor. Market share is below overall market share, but it is adequate.

2012

Overall, the borrower distribution of home mortgage loans in the Santa Fe AA in 2012 is also poor.

Distribution of home purchase loans to LMI borrowers is very poor. HMDA data indicates the portion of home purchase loans to both low- and moderate-income borrowers is significantly below the demographic comparators and is very poor. Market share for these loans to LMI borrowers is significantly below overall market share, and is very poor for loans to low-income borrowers and poor for loans to moderate-income borrowers.

We did not analyze home improvement loans as the Bank originated/purchased only 12 home improvement loans in the Santa Fe AA during 2012.

Distribution of home refinance loans to LMI borrowers is poor. The portion of the Bank's loans to low-income borrowers is significantly below the demographic comparator, and is very poor. Market share of these loans to low-income borrowers is well below overall market share, and it is poor. The portion of the Bank's loans to moderate-income borrowers is well below the demographic comparator, and it is poor. Market share for these loans to moderate-income borrowers is below overall market share, but it is adequate.

Small Loans to Businesses

Overall, the distribution of small loans to businesses is good. It is excellent in the Los Alamos AA and good in the Santa Fe AA. Refer to Table 11 in Appendix C for the facts and data used

to evaluate the borrower distribution of the Bank's origination/purchase of small loans to businesses.

Los Alamos AA

2009-2011 and 2012

The borrower distribution of LANB's small loans to businesses with revenues of \$1 million or less in the Los Alamos AA during 2009-2011 and 2012 is excellent. Both the portion of loans compared to the demographics and market share compared to overall market share exceed the comparators.

Santa Fe AA

2009-2011

The borrower distribution of LANB's small loans to businesses with revenues of \$1 million or less in the Santa Fe AA during 2009-2011 is excellent. Both the portion of loans compared to the demographics and the market share compared to overall market share significantly exceed the comparators.

2012

The borrower distribution of LANB's small loans to businesses with revenues of \$1 million or less in the Santa Fe AA in 2012 is adequate. The portion of small loans to businesses is below the demographic comparator, but it is adequate. Market share of loans to businesses that are small is significantly above overall market share, which is excellent.

Community Development Lending

Refer to Table 1 Lending Volume in Appendix C for the facts and data used to evaluate the Bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

Los Alamos AA

LANB did not provide any CD loans in the Los Alamos AA during the review period.

Santa Fe AA

The Bank provided five loans totaling \$14.2 million in the Santa Fe AA during 2009-2011. This represents almost 11 percent of Tier One Capital. The loans were not innovative or complex. However, they were responsive to a community development need as they helped provide affordable housing for LMI individuals as noted below:

- \$6.9 million was used to purchase a 60-unit affordable housing complex for LMI individuals.
- \$4.1 million provided funds to a CD organization to repurchase loans originated by the organization to LMI borrowers.
- \$1.7 million was used to refinance an existing construction loan for a 60-unit apartment complex that will provide affordable housing for LMI families.

- \$1.3 million was used to purchase 60 lots that will be used to provide affordable housing for LMI families.
- \$198 thousand will provide six affordable housing units for LMI individuals in a 60-unit affordable housing complex.

Product Innovation and Flexibility

LANB did not provide any innovative loan products during the review period. However, the Bank has a working relationship with a CD organization that provides affordable housing in both Espanola and Santa Fe. The Bank provides a standing “warehouse line” that allows the organization to use funds to create loans for homes. In addition, the Bank purchased eight loans to LMI individuals from this organization. These loans totaled \$55 thousand and benefited the Santa Fe AA. These loans were considered under the geographic and borrower distribution of home mortgage loans.

Conclusions for Areas Receiving Limited-Scope Reviews

Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

Based on limited-scope reviews, LANB’s performance under the lending test in the Albuquerque AA and the Espanola AA is weaker than its performance in its full-scope AAs and is not consistent with the Bank’s overall “Low Satisfactory” performance under the Lending test. In the Albuquerque AA, the Bank originated only six home mortgage loans during the 2009-2011 review period and none during the 2012 review period. In addition, the bank originated only seven small business loans during 2009-2011 and 19 during 2012 in this AA. Consequently, there are too few loans of any type to analyze in the Albuquerque AA. Similarly, the Bank originated too few loans of most types in the Espanola AA. The exception is home refinance loans made in 2012; the Bank originated 45 loans. The Bank did not make any home refinance loans to low-income borrowers and distribution of loans to moderate-income borrowers is very poor. The Bank’s performance in the limited-scope AAs did not significantly impact the overall lending test rating, since each of these AAs consists of only one CT.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

LANB’s performance under the Investment Test is rated “Low Satisfactory”. During the evaluation period, the Bank invested almost \$5.9 million in its AAs representing 4.5 percent of Tier One Capital. Based on full-scope reviews, LANB’s performance in the Santa Fe AA is good and its performance in the Los Alamos AA is poor. Overall, performance in the limited-scope AAs did not impact the Bank’s overall Investment Test rating.

Refer to Table 14 in Appendix C for the facts and data used to evaluate the Bank’s level of qualified investments.

Los Alamos AA

Overall, the Bank has a poor level of qualified CD investments in this AA. During the evaluation period, LANB made 22 qualified donations totaling \$173 thousand. This represents 0.25 percent of allocated Tier One Capital¹. While none of the donations is considered innovative or complex, the donations are responsive to identified community development needs.

Santa Fe AA

Overall, the Bank's performance in the Santa Fe AA is good. During the evaluation period, LANB originated 104 investments/donations in the AA totaling \$3.7 million. This represents seven percent of allocated Tier One Capital. The investments/donations consist of three large investments in municipal bonds totaling \$3.3 million and 101 donations totaling \$399 thousand. The number and dollar amount of qualified investments represent a substantial increase over investments in the prior evaluation period. While none of the investments is considered innovative or complex, they are responsive to identified community development needs. In terms of total dollar amount, over 87 percent of the investments focused on projects that support affordable housing.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, the Bank's performance in the Albuquerque AA is stronger than the overall "Low Satisfactory" performance under the Investment Test and is considered excellent. LANB's performance under the Investment Test in the Espanola AA is weaker than the Bank's overall performance, since no qualified investments/donations were made in the Espanola AA. Refer to Table 14 in Appendix C for the facts and data that support these conclusions.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

LANB's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the Bank's performance in the Los Alamos and Santa Fe AAs is good.

Retail Banking Services

LANB's delivery systems are reasonably accessible to geographies and individuals of different income levels throughout the full-scope AAs. Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the Bank's branch delivery system and branch openings and closings.

¹ Allocated Tier One Capital is determined by allocating a portion of Tier One Capital based on the percentage of deposits in each AA.

Los Alamos AA

The Bank operates two branches in the Los Alamos AA. Both are in upper-income CTs. There are no low- or moderate-income CTs in the Los Alamos AA. Therefore, an analysis of the distribution of the Bank's offices is not meaningful. However, the town of Los Alamos is isolated on a hill, and LANB's downtown location is on the main road that provides the only access in to and out of the town. This location makes it accessible to the local business community, as well as LMI individuals. The second branch is in the town of White Rock, a "bedroom community" located nine miles from LANB's main office. This branch location adequately serves this portion of the Los Alamos residential and business community.

Santa Fe AA

LANB operates three branches in the Santa Fe AA. All are located in middle-income CTs. However, one branch, which is in a middle-income CT, is across the street from a low-income CT and within close proximity (one mile) of a moderate-income CT. This branch is also located just over a mile from another moderate-income CT.

LANB's record of opening and closing branches has not adversely affected the delivery of retail banking services to low- and moderate-income persons and geographies in the Santa Fe AA. During this review period, LANB opened one office in a middle-income CT in the Santa Fe AA. As noted above, this branch is located across the street from one of the two low-income tracts in the AA.

In the full scope AAs, LANB offers a range of banking products and services. Banking hours do not vary significantly from one location to another but are tailored to meet the needs of the local market.

Community Development Services

The Bank's level of community development services is good, based on the opportunities in the Los Alamos and Santa Fe AAs and the type of organizations that benefit from the services provided. Senior officers from LANB provided 1746 hours of financial knowledge and services to community organizations that have community development purposes. A summary of the type of community development services provided in each full-scope AA follows:

Los Alamos AA

Twelve senior officers and employees provided 892 hours of financial services to 12 CD organizations. The employees provided financial expertise by serving on boards as president, treasurer, or members of CD organizations that provide affordable housing or services to LMI individuals.

Santa Fe AA

Eight senior officers provided 850 hours of financial services to 15 CD organizations. The types of services provided include serving as a board members of executive committees,

finance committees, or fund raising committees for organizations that provide affordable housing or services to LMI individuals. Employees also served as financial educators.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, LANB's performance under the Service Test in the Albuquerque and Espanola AAs is consistent with the Bank's overall High Satisfactory performance under the Service Test. Refer to Table 15 in Appendix C for the facts and data that support these conclusions.

Appendix A: Scope of Examination

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

Time Period Reviewed	Lending Test (excludes CD Loans): (1/1/09 to 12/31/12) Investment and Service Tests and CD Loans: (6/1/09 to 12/31/13)	
Financial Institution	Products Reviewed	
Los Alamos National Bank (LANB) Los Alamos, New Mexico	Home mortgage loans (includes home purchase, home improvement, and home refinance loans) as reported on the HMDA Loan Application Register Small loans to businesses as reported on the CRA Loan Register. Community development loans, investments, and services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Los Alamos Micropolitan Statistical Area #31060	Full-Scope	Los Alamos County
Santa Fe Metropolitan Statistical Area #42140	Full-Scope	Santa Fe County
Albuquerque Metropolitan Statistical Area #10740	Limited-Scope	Bernalillo County (1 census tract)
Espanola Micropolitan Statistical Area #21580	Limited-Scope	Rio Arriba County (1 census tract)

Appendix B: Market Profiles for Full-Scope Areas

LOS ALAMOS AA

Demographic Information for Full Scope Area: Los Alamos AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	0.00	100.00	0.00
Population by Geography	18,343	0.00	0.00	0.00	100.00	0.00
Owner-Occupied Housing by Geography	5,895	0.00	0.00	0.00	100.00	0.00
Business by Geography	1,874	0.00	0.00	0.00	100.00	0.00
Farms by Geography	30	0.00	0.00	0.00	100.00	0.00
Family Distribution by Income Level	5,399	2.57	3.00	5.22	89.20	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	301	0.00	0.00	0.00	100.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		33,667 47,100 4%	Median Housing Value Unemployment Rate (2000 US Census)		206,218 1.08%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Los Alamos AA 2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	0.00	100.00	0.00
Population by Geography	17,950	0.00	0.00	0.00	100.00	0.00
Owner-Occupied Housing by Geography	5,840	0.00	0.00	0.00	100.00	0.00
Business by Geography	1,841	0.00	0.00	0.00	100.00	0.00
Farms by Geography	31	0.00	0.00	0.00	100.00	0.00
Family Distribution by Income Level	5,248	1.98	2.52	8.56	86.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	236	0.00	0.00	0.00	100.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		46,354 47,700 3%	Median Housing Value Unemployment Rate (2010 US Census)		289,240 1.29%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

LANB's main branch is located in the Los Alamos AA. The Bank operates one other branch in this AA. The Los Alamos AA includes all four CTs in Los Alamos County. All of the CTs in this AA are upper-income. The County comprises the Los Alamos Micropolitan Statistical Area,

which is also included in the Albuquerque-Santa Fe-Las Vegas Combined Statistical Area. The county seat is Los Alamos with the other population center in White Rock. The estimated population of the AA as of the 2010 census was 17,950.

As of June 30, 2013, the Bank had \$726 million in deposits in the Los Alamos AA, representing 85 percent of the area deposits. There are four FDIC insured financial institutions in the AA with five offices. LANB's competitors include The First National Bank of Santa Fe, Community Bank, and Wells Fargo, NA.

The City of Los Alamos was created in 1943 as a site for the Manhattan Project. The project evolved into the Los Alamos National Laboratory, the city's largest employer. Related technological businesses have sprung up to support the Laboratory's work. The concentration of highly skilled and highly educated residents contributes to the AA's higher than normal income levels. The government sector is the second most dominant employer in the AA, followed by healthcare, accommodation, and food services industries. Contributing to its geographic isolation, the city of Los Alamos remained a "closed community" for national security purposes for over 20 years. The city is physically isolated on a high mesa with limited access. It is also land-locked, surrounded by an Indian reservation and national forest land, resulting in a shortage of available land for residential development.

The stability of the Los Alamos market has provided a solid base for the bank throughout its history. As many communities suffered from the economic downturn in recent years, the effect in Los Alamos County has been minimized by federal government spending, primarily in the form of providing funding toward Laboratory projects and operations. However, there is no guarantee that such funding will continue at current rates. Los Alamos County has the lowest unemployment rate in the state at 4.5 percent as of June 30, 2014. The county consistently has the state's highest personal per capita and median family income levels. The poverty level in the AA is very low at 3 percent as of the 2010 census and 4 percent based on the 2000 census. Median home values, based upon census data are well above the national average, as is home ownership.

SANTA FE AA

Demographic Information for Full Scope Area: Santa Fe MSA AA 2000 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	40	2.50	22.50	32.50	35.00	7.50
Population by Geography	129,292	1.40	29.81	35.71	33.08	0.00
Owner-Occupied Housing by Geography	35,977	0.84	24.88	36.23	38.05	0.00
Business by Geography	20,994	1.78	17.57	28.60	52.06	0.00
Farms by Geography	402	1.49	15.17	36.32	47.01	0.00
Family Distribution by Income Level	33,000	22.01	17.85	18.89	41.25	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	13,151	1.81	42.93	34.94	20.32	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		50,000 67,800 12%	Median Housing Value Unemployment Rate (2000 US Census)		196,766 2.48%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2011 HUD updated MFI

Demographic Information for Full Scope Area: Santa Fe MSA 2010 Census						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	50	4.00	20.00	38.00	36.00	2.00
Population by Geography	144,170	5.94	23.86	35.11	34.44	0.64
Owner-Occupied Housing by Geography	42,824	3.42	20.89	34.30	41.40	0.00
Business by Geography	20,715	8.31	11.81	42.08	37.76	0.04
Farms by Geography	426	5.40	12.21	38.97	43.43	0.00
Family Distribution by Income Level	35,757	23.60	16.10	18.88	41.42	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	14,194	9.86	34.44	34.35	21.15	0.20
Median Family Income HUD Adjusted Median Family Income for 2012 Households Below Poverty Level		64,041 68,700 13%	Median Housing Value Unemployment Rate (2010 US Census)		337,063 3.56%	

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2010 US Census and 2012 HUD updated MFI

LANB operates three branches in the Santa Fe AA. The Santa Fe AA consists of all 50 CTs in the Santa Fe MSA. The Santa Fe MSA is part of the larger Albuquerque-Santa Fe-Las Vegas Combined Statistical Area. LANB opened its first full-service branch in the city of Santa Fe in 1999, its second branch in August 2004, and its third branch in October 2009. As of June 30,

2013, the Bank had \$563 million in deposits in this AA, representing almost 21 percent of the area deposits. There are 11 FDIC insured financial institutions in the AA with 40 offices. LANB's main competitors include The First National Bank of Santa Fe; Wells Fargo Bank, NA; Century Bank; and Bank of America, NA.

Santa Fe is the capital of New Mexico and the fourth-largest city in the state with an estimated population in 2010 of 67,947. The state government is the largest employer in the area. After state government, tourism is a major element of the Santa Fe economy, with visitors attracted year-round by the climate and related outdoor activities plus cultural activities of the city and the region. Because tourism is the second largest industry, the service and retail sectors follow in employment rank. Unemployment levels continue to be below state and national rates.

Population growth in the Santa Fe MSA over the last three and one-half years has exceeded the nation as a whole. The market area enjoys higher rates of median household income, higher median home values, and higher percentage of home ownership than the national averages. The median household income is slightly higher than the national average and significantly higher than the state average. Median home values in Santa Fe County based upon 2012 Census data are over 75 percent above the national average, and homeownership is higher at 69.6 percent compared to a national average of 65.5 percent.

Appendix C: Tables of Performance Data

Content of Standardized 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 loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and

purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As __.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME													Geography: NEW MEXICO		Evaluation Period: January 1, 2009 to December 31, 2011	
Assessment Area (2000 Census)	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***				
		#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)	#	\$(000's)					
Full Review:																
Los Alamos AA	49.84	2,113	421,948	189	32,749	0	0	0	0	2,302	454,697	61.13				
Santa Fe AA	47.93	1,654	395,717	560	70,661	0	0	5	14,211	2,219	482,299	38.87				
Limited Review:																
Albuquerque AA	0.54	6	678	19	5,030	0	0	0	0	25	5,708	0.00				
Espanola AA	1.69	68	10,194	10	1,288	0	0	0	0	78	11,482	0.00				

* Loan Data as of December 31, 2011. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from January 01, 2009 to December 31, 2013.

*** Deposit Data as of June 30, 2011. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE			Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011						
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	521	59.07	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	50.38	0.00	0.00	0.00	50.38
Santa Fe MSA AA 2000 Census	343	38.89	0.84	0.58	24.88	14.87	36.23	30.03	38.05	54.52	4.59	10.53	6.49	4.29	4.14
Limited Review:															
Albuquerque AA 2000 Census	2	0.23	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA 2000 Census	16	1.81	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	18.75	0.00	0.00	18.75	0.00

* Based on 2011 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					Market Share (%) by Geography*				
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans						
Full Review:																
Los Alamos AA 2000 Census	100	48.31	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	50.00	0.00	0.00	0.00	50.00	
Santa Fe MSA AA 2000 Census	100	48.31	0.84	2.00	24.88	26.00	36.23	23.00	38.05	49.00	5.76	0.00	15.00	3.57	4.76	
Limited Review:																
Albuquerque AA 2000 Census	0	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Espanola AA 2000 Census	7	3.38	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	

* Based on 2011 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	1,492	54.23	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	64.76	0.00	0.00	0.00	64.76
Santa Fe MSA AA 2000 Census	1,210	43.98	0.84	1.07	24.88	20.08	36.23	27.19	38.05	51.65	7.04	11.90	8.43	6.14	7.13
Limited Review:															
Albuquerque AA 2000 Census	4	0.15	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.56	0.00	0.00	0.56	0.00
Espanola AA 2000 Census	45	1.64	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	30.43	0.00	0.00	30.43	0.00

* Based on 2011 Peer Mortgage Data (USPR)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 6. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011							
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	% of Business***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	189	24.39	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	32.29	0.00	0.00	0.00	33.03
Santa Fe MSA AA 2000 Census	557	71.87	1.78	1.97	17.57	21.72	28.60	26.39	52.06	49.91	4.43	3.23	6.99	4.25	4.04
Limited Review:															
Albuquerque AA 2000 Census	19	2.45	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.44	0.52	0.71	0.35	0.40
Espanola AA 2000 Census	10	1.29	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	2.42	0.00	0.00	2.83	0.00

* Based on 2011 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data - Dun and Bradstreet (2011).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans***	% Families ²	% BANK Loans**	% Families***	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	521	59.07	2.57	0.80	3.00	2.40	5.22	6.40	89.20	90.40	52.59	100.00	75.00	12.00	56.22
Santa Fe MSA AA 2000 Census	343	38.89	22.01	1.57	17.85	6.60	18.89	20.13	41.25	71.70	5.50	2.30	2.43	4.11	7.38
Limited Review:															
Albuquerque AA 2000 Census	2	0.23	26.83	0.00	22.11	50.00	25.04	0.00	26.02	50.00	0.00	0.00	0.00	0.00	0.00
Espanola AA 2000 Census	16	1.81	18.05	0.00	23.28	6.25	17.63	37.50	41.03	56.25	23.08	0.00	0.00	33.33	25.00

* Based on 2011 Peer Mortgage Data (USPR)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 5.2% of loans originated and purchased by bank.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families**	% BANK Loans****	% Families**	% BANK Loans****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	100	48.31	2.57	0.00	3.00	4.40	5.22	4.40	89.20	91.21	40.00	0.00	0.00	0.00	40.00
Santa Fe MSA AA 2000 Census	100	48.31	22.01	5.49	17.85	16.48	18.89	18.68	41.25	59.34	5.22	9.09	9.38	0.00	5.26
Limited Review:															
Albuquerque AA 2000 Census	0	0.00	26.83	0.00	22.11	0.00	25.04	0.00	26.02	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA 2000 Census	7	3.38	18.05	0.00	23.28	14.29	17.63	0.00	41.03	85.71	0.00	0.00	0.00	0.00	0.00

* Based on 2011 Peer Mortgage Data (USPR)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Families is based on the 2000 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 8.7% of loans originated and purchased by bank.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011					
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]				
	#	% of Total ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ⁴	% BANK Loans ^{****}	% Families [*]	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{***}	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos AA 2000 Census	1,492	54.22	2.57	0.58	3.00	1.37	5.22	4.33	89.20	93.73	69.18	33.33	44.44	60.00	70.25
Santa Fe MSA AA 2000 Census	1,211	44.00	22.01	3.34	17.85	9.76	18.89	19.53	41.25	67.37	8.47	3.77	6.56	5.38	10.67
Limited Review:															
Albuquerque AA 2000 Census	4	0.15	26.83	0.00	22.11	0.00	25.04	50.00	26.02	50.00	0.79	0.00	0.00	0.00	1.35
Espanola AA 2000 Census	45	1.64	18.05	0.00	23.28	2.27	17.63	6.82	41.03	90.91	35.14	0.00	66.67	28.57	33.33

^{*} Based on 2011 Peer Mortgage Data (USPR)

^{**} Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

^{***} Percentage of Families is based on the 2000 Census information.

^{****} As a percentage of loans with borrower income information available. No information was available for 6.5% of loans originated and purchased by bank.

⁴ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES					Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011	
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
Full Review:									
Los Alamos AA 2000 Census	189	24.29	65.58	73.54	54.50	22.22	23.28	32.29	49.62
Santa Fe MSA AA 2000 Census	560	71.98	66.63	69.11	64.11	22.14	13.75	4.43	7.44
Limited Review:									
Albuquerque AA 2000 Census	19	2.44	50.41	36.84	26.32	26.32	47.37	0.44	0.69
Espanola AA 2000 Census	10	1.29	59.58	90.00	70.00	0.00	30.00	2.42	5.56

* Based on 2011 Peer Small Business Data -- US and PR

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2011).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 7.20% of small loans to businesses originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
					Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2013	
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Alamos AA 2000 Census	0	0	22	173	22	173	3.0	0	0
Santa Fe MSA AA 2000 Census	0	0	104	3,741	104	3,741	63.7	0	0
Limited Review:									
Albuquerque AA 2000 Census	0	0	5	1,955	5	1,955	33.3	0	0
Espanola AA 2000 Census	0	0	0	0	0	0	0	0	0

* 'Prior Period Investments' means investments made in a previous 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.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS Geography: NEW MEXICO Evaluation Period: JANUARY 1, 2009 TO DECEMBER 31, 2011																	
MA/Assessment Area:	Deposit s	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposit s in AA	# of BANK Branche s	% of Rated Area Branche s in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Los Alamos AA	61.13	2	33.33	0.00	0.00	0.00	100.00	0	0	0	0	0	0	0.00	0.00	0.00	100.00
Santa Fe MSA AA	38.87	3	50.00	0.00	0.00	100.00	0.00	1	0	0	0	1	0	1.40	29.81	35.71	33.08
Limited Review:																	
Albuquerque AA	0.00	1	16.67	0.00	100.00	0.00	0.00	1	0	0	1	0	0	0.00	0.00	100.00	0.00
Espanola AA	0.00	0	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00

