



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

March 13, 2000

### Community Reinvestment Act Performance Evaluation

Wells Fargo Bank New Mexico, National Association  
Charter Number: 6187

200 Lomas Boulevard, NW  
Albuquerque, NM 87102

Office of the Comptroller of the Currency

Large Bank Supervision  
250 E Street, SW, Mail Stop 6-1  
Washington, DC 20219-0001

**NOTE: 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

*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 neighborhoods, consistent with 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 **Wells Fargo Bank New Mexico, National Association**, prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of **March 13, 2000**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this Performance Evaluation. 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 by another company. A company is under common control with another company if both companies are directly or indirectly controlled by the same company. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of 4,000.

**Community Development (CD)** - Affordable 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**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.

**Full-Scope Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area 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 do 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, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

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

**Low-Income** - Income levels that are less than 50% of the median family income.

**Median Family Income (MFI)** - The median income determined by the United States 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 Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the MFI.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the MFI.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with noncumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120% or more of the MFI.

## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **“Satisfactory.”**

The following table indicates the performance level of **Wells Fargo Bank New Mexico, National Association**, with respect to the Lending, Investment, and Service Tests:

Performance Levels	Wells Fargo Bank New Mexico, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			X
High Satisfactory	X	X	
Low Satisfactory			
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 that support this rating include:

- A good geographic and borrower distribution of home mortgage loans.
- A good geographic and borrower distribution of small loans to businesses and an excellent geographic distribution of small loans to farms.
- A positive response to the needs of its assessment areas through a high level of community development lending.
- A good level of community development investments in its assessment areas.
- An excellent distribution of retail services and a good level of community development services.

## Description of Institution

Wells Fargo Bank New Mexico, National Association (WFNM), an intrastate bank, is headquartered in Albuquerque, New Mexico, and conducts business through a system of 90 branch offices in four assessment areas within the state. WFNM was formerly known as Norwest Bank New Mexico, NA. Wells Fargo & Company changed the name of the bank in September 1999. In addition to the Albuquerque MSA, WFNM has offices in the Las Cruces MSA, the Santa Fe MSA, and the Rural New Mexico AA.

WFNM is a subsidiary of Wells Fargo & Company (WFC), San Francisco, California, a multi-bank holding company. WFC recently merged with Norwest Corporation, formerly headquartered in Minneapolis, Minnesota. WFNM is the result of a merger of existing subsidiaries of both WFC and Norwest Corporation. WFC has total assets in excess of \$200 billion and conducts business through nearly 3,000 offices and over 6,000 ATMs.

As of December 31, 1999, WFNM has total assets of approximately \$3.4 billion and total deposits of about \$2.1 billion. Loans, net of allowances for losses, total approximately \$1.3 billion, equating to some 38% of total assets and about 62% of total deposits. Approximately 19% of the bank's loans are for commercial and industrial purposes (not secured by real estate) and another 15% are to individuals for personal use, and sixty-two percent of the bank's loans are secured by real estate. WFNM has total Tier I capital of approximately \$191 million.

At the request of WFNM and in accordance with provisions of the CRA, this evaluation considers lending activities of the bank's affiliates, Wells Fargo Home Mortgage, Inc. (WFHM), Wells Fargo Funding, Inc., and Norwest Home Improvement, Inc.

WFNM is a full service bank offering a typical array of retail banking services and loan products. Its business strategy is in no way limited or specialized to any narrow field of endeavor. Through the bank's affiliate WFHM borrowers can obtain home purchase and refinance lending that is sometimes not available through local commercial banks.

There are no legal, financial, or other factors impeding the bank's ability to meet the credit needs of its assessment areas.

WFNM was rated "Satisfactory" at the previous CRA performance evaluation dated September 25, 1997.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This evaluation includes a review of the bank's home mortgage, small business, small farm, and community development lending; community development investments; and retail and community development services. The bank's home mortgage, small business, and small farm lending was evaluated for the calendar years 1997, 1998, and 1999. All other products and activities were evaluated from the date of the bank's previous CRA performance evaluation through March 13, 2000.

### **Data Integrity**

The bank's small business and small farm data submitted in compliance with requirements of the CRA and utilized for analysis were reviewed for accuracy using a random sample. The accuracy of home mortgage data was reviewed utilizing reports and working papers of the bank's internal auditors as well as a sample of loan files. The home mortgage, small business, and small farm data were determined to be accurate and useful for analysis. Community development loans, services and investments were reviewed for CRA qualification and accuracy.

### **Selection of Areas for Full-Scope Review**

The Albuquerque MSA and Rural New Mexico AA represent the majority of the bank's deposit base and lending activities. These areas are considered representative of the bank's overall activities and were selected for full-scope review. Refer to the table in Appendix A for more information.

### **Ratings**

The bank's overall rating is based primarily on those areas that received full-scope reviews.

### **Other**

Community contacts with interested parties in several AAs of WFNM were reviewed. Identified needs included affordable housing and small business lending. Construction and permanent financing and start-up and expansion loans are among the needs identified.

## Fair Lending Review

In conjunction with the CRA review, the OCC conducted a Fair Lending examination of WFNM. The examination utilized the OCC's Fair Lending examination procedures and focused upon home improvement loan applications underwritten by the bank's Consumer Retail Division. Examiners selected and analyzed a sample of applications submitted by Hispanic, Native American, and White persons that were processed between April 1, 1998, and March 31, 1999. Some 122 loan files were reviewed. The objective was to determine if WFNM provided consistent treatment to these applicants without regard to race, color, and national origin. These factors (prohibited bases) can form the basis for illegal discrimination.

### Conclusions:

- The OCC found no evidence of disparate treatment applied on a prohibited basis; no violations of fair lending laws were cited.
- WFNM has a satisfactory process in place, including training, to help ensure ongoing compliance with fair lending laws.

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Lending Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance is good in both the Albuquerque MSA and the Rural New Mexico AA.

#### Lending Activity

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.*

WFNM's overall response to the identified credit needs of its communities is good. During the evaluation period, the bank delivered in its AAs nearly 28 thousand loans totaling nearly \$2.4 billion for loans relating to home mortgage (including home improvement and refinancing), small business or small farm. In addition, a substantial 43 community development loans were provided totaling \$25 million.

The distribution of WFNM's lending from the above described loan categories within its AAs is generally in proportion to the deposits gathered from those areas. WFNM ranks third with a 22 percent deposit market share in its Albuquerque MSA and first in its Rural New Mexico AA with a fifteen percent market share. In general, these rankings are comparable to its market positions. In the Albuquerque MSA, the bank ranks first in lending to small businesses and small farms and third in home lending overall. Within home mortgage lending, the bank ranks fourth in home purchase, first in home improvement, and second in refinance lending. In the Rural New Mexico AA, the bank ranks first in home mortgage, small business, and small farm lending. Within home mortgage lending, the bank ranks second in home purchase lending and first in home improvement and refinance lending.

In analyzing WFNM's Lending Test record, greater weight was given to its performance in the Albuquerque MSA, followed by the Rural New Mexico AA. These two AAs contribute 52% and 39% of the bank's deposit accounts respectively. WFNM made 44% and 43%, respectively, of its reportable loans in these AAs. We also placed greater weight on home lending because this represents the bulk of the bank's lending in response to identified credit needs in its communities. Community development and flexible/innovative lending profiles were also considered in formulating an overall conclusion.

## **Distribution of Loans by Income Level of the Geography**

WFNM's overall geographic distribution of lending is good. The bank's home lending geographic distribution is good in the Albuquerque MSA and adequate in the Rural New Mexico AA. The bank's distribution of small loans to businesses is good in the Albuquerque MSA and excellent in the Rural New Mexico AA. The bank's distribution of small loans to farms is excellent in both full-scope AAs. We based our conclusions primarily upon the bank's lending distribution compared to area demographics. The demographic comparison was then supplemented by a market share analysis.

### **Home Mortgage Loans**

*Refer to Tables 2, 3, and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.*

#### *Home Purchase Loans*

WFNM's geographic distribution of home purchase loans is good in the Albuquerque MSA and poor in the Rural New Mexico AA. In the Albuquerque MSA, the distribution to low-income areas substantially exceeded the percentage of owner-occupied units and its market share for this geography was well above its overall market share. In moderate-income areas, the loan distribution was below the percentage of owner-occupied units and its respective market share was lower than its overall market share. In the Rural New Mexico AA, WFNM's loan distribution to low-and moderate-income areas was well below respective demographics. Likewise, the bank's market shares of these geographic segments were well below its overall market shares.

#### *Home Improvement Loans*

WFNM's geographic distribution of home improvement loans is excellent in both full-scope AAs. In the Albuquerque MSA, WFNM's lending in low-income areas exceeds the percentage of owner-occupied housing and its respective market share significantly exceeds its overall market share. In moderate-income areas, its loan distribution was near to the percentage of owner-occupied units. Its market share of loans made in moderate-income areas also matched its overall market share. In the Rural New Mexico AA, the percentage of loans in low-income areas is below the percentage of owner-occupied units, however its market share of low-income area lending significantly exceeded its overall market share. In moderate-income areas, the bank's percentage of lending exceeded the percentage of owner occupied housing, and its respective market share significantly exceeded its overall market share.

### *Refinance Loans*

WFNM's geographic distribution of home refinance loans is good in both full-scope AAs. In the low-income areas of the Albuquerque MSA, the bank's percentage of lending matched the percentage of owner occupied housing. Also, the bank's market share of low-income area lending exceeded its overall market share. In moderate-income areas, the percentage of lending was below the percentage of owner occupied housing, and its market share of moderate-income area lending was slightly below its overall market share. In the Rural New Mexico AA, the bank's loan distribution in low-income areas is well below the percentage of owner occupied housing, however its respective market share was significantly above its overall market share. In moderate-income areas, the bank's percentage of lending was below the percentage of owner occupied housing there, however its market share of moderate-income area lending exceeded its overall market share.

### **Small Loans to Businesses**

*Refer to Table 5 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.*

WFNM's distribution of small loans to businesses was good in the Albuquerque MSA and excellent in the Rural New Mexico AA. In the Albuquerque MSA, the bank's distribution of loans in low-income areas exceeded the percentage of businesses there and in moderate-income areas was near the percentage of businesses there. The bank's market share of loans in low-income areas significantly exceeded its overall market share and nearly matched for moderate-income areas. In the Rural New Mexico AA, the bank's distribution of loans to both low- and moderate-income areas exceeded the respective percentages of businesses there. The bank's market share of loans in low-income areas was slightly below its overall market share, but was well above its overall share in moderate-income areas.

### **Small Loans to Farms**

*Refer to Table 6 in Appendix C for facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.*

WFNM's lending to farms was most significant in the Rural New Mexico AA where 1,529 such loans were made, while only 133 such loans were made in the Albuquerque MSA. Please note that there are few farms in low-income areas of these AAs.

In the Albuquerque MSA and Rural New Mexico AAs, the bank had an excellent geographic distribution of small loans to farms. WFNM's percentage of loans made in both low- and moderate-income areas in these two AAs significantly exceeded the percentage of farms there. In addition, the bank's market share of loans made in low-income areas significantly exceeded its overall market share and moderately exceeded for moderate-income areas.

## **Lending Gap Analysis**

Maps and reports detailing WFNM's lending activity over the evaluation period for home mortgage and small loans to businesses and farms were reviewed to identify gaps in the geographic distribution of these loans. No unexplained conspicuous gaps were identified.

## **Inside/Outside Ratio**

A substantial majority, nearly 100%, of the home mortgage loans, small loans to businesses and farms originated/purchased by the bank were within its AAs. This performance was a positive consideration with the overall record of the bank's geographic distribution of lending by income level of geography.

## **Distribution of Loans by Income Level of the Borrower**

WFNM's overall distribution of lending by income level of borrower is good. The bank's home lending distribution is good in the Albuquerque MSA and adequate in the Rural New Mexico AA. The bank's distribution of small loans to small businesses is good in the Albuquerque MSA and excellent in the Rural New Mexico AA. The bank's distribution of small loans to small farms is good in the Albuquerque MSA and excellent in the Rural New Mexico AA. We based our conclusions primarily upon the bank's lending to borrowers of different income levels compared to the population demographics of the area. The demographic comparison was then supplemented by a market share analysis

## **Home Mortgage Loans**

*Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.*

### *Home Purchase Loans*

The bank's borrower distribution of home purchase loans is good in the Albuquerque MSA and poor in the Rural New Mexico AA. The poverty level in both AAs is high and mitigates the bank's lending to low-income individuals. In the Albuquerque MSA, the percentage of bank loans to low-income borrowers is well below the percentage of low-income families there. The bank's distribution matches the percentage of moderate-income families. Also, the market shares of low- and moderate-income borrowers in these areas come close to the bank's overall market share. In the Rural New Mexico AA, the bank's percentage of lending to low- and moderate-income borrowers is well below respective demographics. In addition, its market share for both groups is below its overall market share.

### *Home Improvement Loans*

The borrower distribution for home improvement loans in both full-scope AAs is excellent. In both the Albuquerque MSA and Rural New Mexico AA, the bank's percentage of loans made to low-income borrowers is below the percentage of low-income families. The high

level of poverty in the respective AA mitigates this performance. The percentage of the bank's loans to moderate-income borrowers exceeds the respective family demographics in both AAs. Furthermore, the bank's market share of loans to low-income persons exceeds its overall market share. While its share of lending to moderate-income borrowers, matches its overall market share in the Albuquerque MSA and significantly exceeds in the Rural New Mexico AA.

### *Home Refinance Loans*

The borrower distribution of home refinance loans is good in the Albuquerque MSA and adequate in the Rural New Mexico AA. In these AAs, the percentage of loans to low-income borrowers is below the percentage of those families. The bank's level of performance to this income group is mitigated by the poverty levels in these AAs. However, the bank's distribution of loans to moderate-income borrowers is near to the Albuquerque MSA demographics. The bank's distribution of loans to moderate-income borrowers in Rural New Mexico is below area demographics. In addition, the bank's market share for low-income borrowers significantly exceeds its overall market share in the Albuquerque MSA and matches in the Rural New Mexico AA. The market share for moderate-income borrowers to the bank's overall market share also slightly exceeds for both AAs.

### **Small Loans to Businesses**

*Refer to Table 10 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.*

The bank's borrower distribution of small loans to businesses is good in the Albuquerque MSA and excellent in the Rural New Mexico AA. In the Albuquerque MSA the portion of the bank's small loans to small businesses (businesses with annual revenues of \$1 million or less) substantially meets the portion of businesses that are defined as such. The bank's respective market share to these borrowers exceeds its overall market share. In the Rural New Mexico AA, the bank's distribution of loans to small businesses surpassed the percentage of such businesses and its respective market share was greater than its overall market share.

### **Small Loans to Farms**

*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 farms.*

The borrower distribution of small loans to farms is good in the Albuquerque MSA and excellent in the Rural New Mexico AA. In the Albuquerque MSA, the distribution to small farms (farms with annual revenues of \$1 million or less) substantially meets the portion of farms that are defined as such. In addition, the market share of small loans made to small farms matches the bank's overall market share. In the Rural New Mexico AA, the bank's performance is even stronger as its percentage of small loans to the smaller farms

exceeded the portion of such farms. Further, the bank's market share of small loans made to small farms exceeded the bank's overall market share.

### **Community Development Lending**

*Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.*

WFNM's level and nature of CD lending was significant and had a positive impact on both full-scope AAs. Affordable housing to LMI individuals has been the most critical credit need identified throughout the bank's AAs. During the evaluation period, WFNM provided \$6.8 million through 18 CD loans to its Albuquerque MSA and \$14 million through 21 CD loans to its Rural New Mexico AA. The limited-scope AAs also received over \$4 million through four CD loans. The bank's activity was significant in helping its AAs with CD needs. The majority of these loans went towards affordable housing initiatives. Only two of the relationships are complex in nature. The following are examples of flexible and responsive loans made by WFNM:

- \$4.3 million in four loans to a non-profit organization to fund housing for low- and moderate-income individuals with developmental disabilities in the Albuquerque MSA. The largest of WFNM loan facilities helped refinance 26 single-family homes into one loan. This is a high loan to value transaction. No other financial institution was willing to undertake the consolidation of these properties. WFNM not only provides this entity with lending services but also financial management services.
- \$50 thousand no fee, no interest loan to a local non-profit housing organization to purchase ten vacant residential lots in the Albuquerque MSA. These lots will be built into single family detached homes for low- and moderate-income families.
- \$2.2 million, construction loan for a 60-unit, LIHTC apartment development for very-low and low-income persons in the Rural New Mexico AA. LIHTC support this project. Rural Housing Inc. served as the general partner on this project.
- \$1.9 million, construction loan convertible to permanent financing for a 72-unit apartment complex for low- and moderate-income families in the Rural New Mexico AA. LIHTC funded by the outside investor group support this project. The project included complex layers of funding including the bank, an investor group, and the New Mexico Mortgage Finance Authority. The bank provided extended amortization schedules for both the construction and the permanent loans.

## **Product Innovation and Flexibility**

Product innovation and flexibility had a neutral impact on the Lending Test conclusions for the two full-scope AAs.

The bank has several products available that provide flexibility in serving credit needs of its communities. Examples include:

HUD 184 Loans - These loans are guaranteed by HUD and thus allow for credit to be more readily available to Native Americans. WFNM originated two loans for \$175 thousand during the evaluation period through this program.

Freddie Gold 97 - This program is designed for LMI borrowers who have minimal cash reserves and who will benefit from less restrictive underwriting requirements. The bank originated two loans through this program for \$169 thousand.

Renovation Program (FHA 203K)- This is a bank-wide program in which Wells Fargo was one of the first lenders to originate. The program targets borrowers who are buying homes that are in need of repairs and wish to combine the expense of such into the first mortgage. The bank made one loan for \$86 thousand.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's performance under the Lending Test in all areas receiving limited scope review (Las Cruces MSA and Santa Fe MSA) is weaker than the bank's overall "High Satisfactory" performance under the Lending Test. Specifically, weaker performances were noted in the bank's geographic distribution of home mortgage lending and small business/small farm lending, as well as the borrower distribution of home mortgage loans. However, this performance was not to the point that would warrant an adjustment to the overall rating. Refer to tables 1 through 11 in Appendix C for the facts and data that support these conclusions.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory." Based on full-scope reviews, the bank's performance in the Albuquerque MSA is adequate and Rural New Mexico AA is good.

*Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.*

In the Albuquerque MSA WFNM's volume of investments is adequate. The bank made 111 qualified investments totaling \$2.6 million. To assist in gauging the relative volume of investments, we calculated their relationship to Tier 1 capital, allocated by AA. The bank's level of investments in Albuquerque accounts for 2.6 percent of the pro-rated Tier 1 Capital of the bank over the evaluation period. Our conclusion also considered the opportunities available within the AA. The major component of the bank's volume of community development investments consists of allocated LMI-mortgage-backed securities and LIHTCs. The mortgage-backed securities were purchased by WFNM's affiliate Wells Fargo Bank Minnesota. The portion of securities that were supported by LMI-mortgages in New Mexico was allocated to WFNM for CRA consideration. The allocated portion was not considered in any other affiliate's CRA performance. WFNM has made numerous local grants and contributions within this AA, as well. These have supported primarily community services for LMI persons, along with some small business development. Opportunities for additional investment in Albuquerque are high.

In Rural New Mexico WFNM's volume of investments is excellent. The bank made 122 investments totaling \$7.2 million. This represents a substantial level of investment and accounts for 9.7% of the pro-rated Tier 1 Capital of the bank. This also compares favorably to the investment opportunities in the AA. The bank's investments are predominantly in LMI-mortgage-backed securities and in LIHTCs. As previously mentioned, the mortgage-backed securities were purchased by WFNM's affiliate Wells Fargo Bank Minnesota. The portion of securities that were supported by LMI-mortgages in New Mexico was allocated to WFNM for CRA consideration. Numerous qualified grants and donations are found in this area, as well.

Although all of the investments are responsive to identified needs in the bank's AAs, none are notable for their innovation or creativity.

## **Conclusions for Area Receiving Limited-Scope Reviews**

Based upon limited-scope review, the bank's performance under the Investment Test is not inconsistent with its overall "High Satisfactory" rating in the Santa Fe MSA and is weaker than its overall rating in the Las Cruces MSA based on volume. However, this performance did not have an adverse effect upon the overall rating. *Refer to Table 12 of Appendix C for the facts and data that support these conclusions.*

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

WFNM's performance under the Service Test is rated Outstanding. Based on full-scope reviews, the bank's performance in the Albuquerque MSA is excellent and good in the Rural NM AAs.

### Retail Banking Services

*Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.*

WFNM's delivery systems through its branch and ATM network are readily accessible to geographies and individuals of different income levels in its AAs. In general, the distribution of the bank's branches in low-income areas approximates the percentage of the population living in those areas, while the percent of the branches in moderate-income geographies exceeds the percent of the population living in those areas.

In the Albuquerque MSA, which represents the largest share of the bank's deposits, the bank's distribution of branches is excellent. The distribution of branches in moderate-income geographies significantly exceeds the percent of the population living in those areas. In the low-income areas, the bank's distribution of branches approximates the percent of the population living in those areas. The distribution of ATMs is consistent with the branch distribution as the percent of ATMs in moderate-income geographies significantly exceeds the demographics and the percent of branches in low-income areas approximates the corresponding demographics.

In the Rural NM AA the bank's distribution of branches is good. In both the low- and moderate-income areas, the percent of branches approximates the percentage of the population living in those areas. The percent of ATMs in low-income areas exceeds the demographics, while the percent of ATMs in moderate-income areas approximates this figure.

Although WFNM had a significant number of branch openings and closings during the evaluation period, there was no impact in low-income areas and only minimal, positive impact in the moderate-income areas (one branch opened in the Albuquerque MSA). Within the two full-scope AAs, WFNM opened a total of 31 branches and closed 17.

The bank's business hours are reasonable and are generally structured to accommodate customer needs. There were no major inconsistencies between branches in this regard.

WFNM offers a wide array of products and services through many of its branch locations. WFNM provides or administers products directed toward LMI individuals that include, but are not limited to, an affordable home loan product, a savings account that features matching federal funds, and direct-deposit accounts for the homeless that feature

innovative/flexible services.

### **Community Development Services**

WFNM provides a good level of community development (CD) services to its community in both AAs. During the evaluation period, the bank provided 74 CD services in the Albuquerque MSA and 54 CD services in Rural New Mexico AA. The following highlights a few of the community development services targeted to LMI persons that are provided by the bank.

- **Consumer Credit Counseling Service, SW (Albuquerque MSA)** - WFNM partners with this organization to provide financial education to individuals.
- **Federal Home Loan Bank Affordable Housing Programs (Albuquerque MSA)** - As a member, WFNM participates in affordable housing programs which provides subsidies to non-profit organizations to support affordable housing to LMI persons. The bank processes loan applications, monitors its progress and handles funding efforts for the program.
- **Albuquerque TVI Small Business Development Center (Albuquerque MSA)** - WFNM provides technical assistance to this organization that provides training, counseling, research, and other specialized assistance to small businesses and presentations and counseling to small business owners on financing programs.
- **Neighborhood Housing Services (Albuquerque MSA)** - WFNM employees serve on the loan committee of this organization that provides homeownership workshops and financing for purchase of single-family residences, rehabilitation loans for low-income individuals and families, technical assistance to area residents, and information and referral to other housing agencies.
- **Moriarty Home Fair (Rural New Mexico)** - WFNM held homeownership workshops in partnership New Mexico Partnership in Home Ownership, United States Department of Agriculture Rural Development, Fannie Mae, and HUD.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, WFNM's performance under the Service Test in the Las Cruces MSA is not inconsistent with the bank's overall Outstanding performance under the Service Test. A university and student housing occupy the sole low-income CT in this MSA. We noted, however, weaker performance in the Santa Fe MSA. The bank's distribution of branches in moderate-income geographies is less than the percentage of population residing there. This did not have a material impact on our overall conclusion because of the limited percent of deposits coming from this AA.

*Refer to Table 13 of 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 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").

<b>Time Period Reviewed</b>	Lending Test: January 1, 1997 to December 31, 1999 CD Lending: July 9, 1997 to March 13, 2000 Investment Test: July 9, 1997 to March 13, 2000 Service Test: July 9, 1997 to March 13, 2000	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Wells Fargo Bank New Mexico, N.A. (WFNM) Albuquerque, NM		Small Business Lending; Small Farm Lending; Community Development Lending, Investments, Services
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Wells Fargo Home Mortgage Corporation	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Wells Fargo Funding, Inc.	Holding Company Subsidiary	Home purchase and refinance mortgage loans
Norwest Home Improvement, Inc.	Holding Company Subsidiary	Home improvement loans
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Albuquerque MSA # 0200 Las Cruces MSA # 4100 Santa Fe MSA # 7490 Rural New Mexico	Full-Scope Limited-Scope Limited-Scope Full-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

**Market Profiles for Areas Receiving Full-Scope Reviews**

Albuquerque MSA # 0200.....	B-2
Rural New Mexico .....	B-3

**Albuquerque MSA # 0200**

Demographic Information for Full-Scope Area: Albuquerque MSA # 0200						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	138	4	25	40	28	2
Population by Geography	589,131	3	26	42	29	0
Owner-Occupied Housing by Geography	142,641	2	21	45	33	0
Businesses by Geography	28,021	3	32	38	27	<1
Farms by Geography	483	2	23	46	29	0
Family Distribution by Income Level	154,528	21	17	22	40	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	58,861	5	38	42	15	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$31,959 = \$46,100  =14.00%	Median Housing Value Unemployment Rate				= \$81,858 = 4.45%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 1999 HUD updated MFI.

The Albuquerque MSA assessment area encompasses the entire MSA (Bernalillo, Sandoval, and Valencia Counties). WFNM garners approximately 52% of its deposits from this AA and has made approximately 44% of its reportable loans here during the evaluation period. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFNM is the third largest bank in the AA, holding approximately 22% of the insured deposits. It ranks behind Bank of America, NT&SA, and First Security Bank of New Mexico, NA, which, combined, hold approximately 52% of the insured deposits. WFNM operates 36 offices and 23 ATMs in the MSA.

The Albuquerque MSA is the largest community in New Mexico by far, containing over 40% of the state's population within its three counties. The City of Albuquerque alone is home to approximately one fourth of the state's residents. Although per capita income here is relatively low, housing costs are somewhat high, owing to significant growth in the high tech industries and the attraction of the area as a retirement and leisure destination. Physical expansion, especially in the area immediately adjacent to Albuquerque, is also limited due to the area's topography and some significant federal properties. Services remain the largest employment sector, followed by trade and government (including related enterprises). Opportunities for involvement are good.

## Rural New Mexico

Demographic Information for Full-Scope Area: Rural New Mexico						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	198	5	26	53	16	1
Population by Geography	673,385	5	20	53	22	0
Owner-Occupied Housing by Geography	163,200	5	18	54	24	0
Businesses by Geography	27,193	2	21	54	23	0
Farms by Geography	1,203	<1	18	62	20	0
Family Distribution by Income Level	176,428	23	17	19	41	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	70,113	8	26	53	13	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$23,166 = \$31,400 = 9.27%	Median Housing Value Unemployment Rate				= \$48,466 = 6.68%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census and 1999 HUD updated MFI.

The Rural New Mexico assessment area encompasses all of the counties in New Mexico outside of the Albuquerque, Las Cruces, and Santa Fe MSAs (i.e., all counties except Bernalillo, Sandoval, Valencia, Dona Ana, Los Alamos, and Santa Fe). WFNM collects approximately 39% of its deposits from this AA and has made approximately 43% of its reportable loans here during the evaluation period. The AA complies with regulatory guidelines and does not arbitrarily exclude any LMI areas. WFNM is the largest of about 55 banks in this AA, holding approximately 15% of total deposits. Bank of America, NT&SA, is its nearest competitor, with about 12% of the deposits, and First National Bank of Farmington holds slightly more than 7% of the total. WFNM operates 43 offices in this AA.

The economy of New Mexico is largely dependent upon services. Tourism is important throughout the state, as are military and other governmental installations such as the White Sands Missile Range. New Mexico enjoys affordable housing in many areas, but the state has average income levels that are among the nation's lowest.

## Appendix C: Tables of Performance Data

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### 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: purchased loans are treated as originations/purchases; market rank is based on the number of loans originated and purchased by the bank as compared to all other lenders in the MSA/assessment area; 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 MSA/assessment area. 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 MSA/assessment area.
- 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 rank and 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 Refinance Loans** - See Table 2.
- Table 5. 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 rank and market share information based on the most recent aggregate market data available.
- Table 6. 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 rank and market share information based on the most recent aggregate market data available.

- Table 7. 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 MSA/assessment area. The table also presents market rank and market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small business reporters in the bank's AA to businesses with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500 thousand) 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. The table also compares the banks percentage distribution with the percentage of loans originated and purchased by all other small farm reporters in the bank's AA to farms with revenues of \$1 million or less and is based on the most recent aggregate market data available. 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/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 have been reported on schedule RC-L of the Call Reports as an off-balance sheet item.

**Table 13. 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 MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.

**Table 1. Lending Volume**

LENDING VOLUME		Evaluation Period: 01/01/1997 TO 12/31/1999										
MSA/Assessment Area	% of Rating Area Deposits in AA*	Home Mortgage		Small Business		Small Farm		Community Development		Total Reported Loans		% of Rating Area Loans in AA (% of #)
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Scope</b>												
Albuquerque MSA	52	7,881	724,270	4,377	486,864	133	6,929	18	6,840	12,409	1,224,903	44
Rural New Mexico	39	7,246	445,696	3,126	205,839	1,529	85,637	21	14,035	11,922	751,207	43
<b>Limited Scope</b>												
Las Cruces MSA	4	1,400	122,702	371	45,963	21	2,705	2	4,401	1,794	175,771	6
Santa Fe MSA	5	1,313	169,962	431	41,945	54	5,031	2	152	1,800	217,090	7

\* Deposit Data as of June 30, 1999

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Home Purchase Loans		
	% 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	#	% of Total**	
<b>Full Scope</b>																	
Albuquerque MSA	2	7	21	9	45	36	33	48	4	5.4	13.7	3.3	3.9	7.2	2,712	42	
Rural New Mexico	5	<1	18	9	54	47	24	43	2	11.2	2.6	7.3	10.2	15.3	2,743	42	
<b>Limited Scope</b>																	
Las Cruces MSA	0	1	32	15	47	46	21	38	4	7.7	21.1	4.4	7.6	10.2	593	9	
Santa Fe MSA	0	0	26	12	43	59	32	29	6	4.6	0.0	3.2	6.3	3.2	476	7	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home purchase loans within an MSA/AA as a % of all home purchase loans in the rating area.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Improvement Loans		
	% 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	#	% of Total**	
<b>Full Scope</b>																	
Albuquerque MSA	2	4	21	19	45	44	33	34	1	15.9	48.3	16.1	13.9	17.2	969	43	
Rural New Mexico	5	3	18	21	54	58	24	17	1	27.5	85.0	44.7	23.5	22.8	1,059	47	
<b>Limited Scope</b>																	
Las Cruces MSA	0	0	32	25	47	57	21	18	3	10.2	0.0	5.4	13.6	11.8	99	4	
Santa Fe MSA	0	0	26	12	43	72	32	16	8	4.8	0.0	1.0	8.9	2.5	114	5	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Home improvement loans within an MSA/AA as a % of all home improvement loans in the rating area.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography					Total Home Mortgage Refinance Loans	
	% 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	#	% of Total**
<b>Full Scope</b>																
Albuquerque MSA	2	2	21	14	45	43	33	41	2	7.0	9.7	6.2	6.6	7.7	4,179	46
Rural New Mexico	5	1	18	15	54	55	24	29	1	13.4	27.1	14.2	12.7	14.2	3,419	38
<b>Limited Scope</b>																
Las Cruces MSA	0	1	32	12	47	49	21	38	2	11.1	55.6	7.2	10.9	13.1	703	8
Santa Fe MSA	0	0	26	12	43	67	32	21	4	4.8	0.0	3.5	6.5	3.1	722	8

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* Refinance loans within an MSA/AA as a % of all refinance loans in the rating area.

**Table 5. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL BUSINESS										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Small Business Loans	
	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Albuquerque MSA	3	4	32	27	38	38	27	30	1	23.6	33.0	22.8	23.1	24.7	4,377	53
Rural New Mexico	2	3	21	22	54	54	23	21	1	21.8	18.3	26.4	23.3	17.2	3,126	38
<b>Limited Scope</b>																
Las Cruces MSA	1	<1	37	19	44	55	18	26	2	17.8	25.0	13.5	17.0	27.6	371	4
Santa Fe MSA	0	0	40	28	33	54	26	19	6	6.1	0.0	4.2	9.1	3.8	431	5

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Business loans within an MSA/AA as a % of all Small Business loans in the rating area.

**Table 6. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL FARM																
Evaluation Period: 01/01/1997 TO 12/31/1999																
MSA/Assessment Area	Low Income Geographies		Moderate Income Geographies		Middle Income Geographies		Upper Income Geographies		Overall Market Rank*	Market Share by Geography*					Total Loans Small Farm Loans	
	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans		Overall	Low	Mod	Mid	Upp	#	% of Total**
<b>Full Scope</b>																
Albuquerque MSA	2	5	23	31	46	53	29	12	1	58.7	100.0	66.7	60.7	31.3	133	8
Rural New Mexico	0	1	18	27	62	62	20	10	1	67.5	100.0	70.8	66.7	63.9	1,529	88
<b>Limited Scope</b>																
Las Cruces MSA	0	0	62	24	34	71	4	5	2	44.5	0.0	2.3	68.4	0.0	21	1
Santa Fe MSA	0	0	34	0	38	98	27	2	1	65.4	0.0	0.0	73.7	0.0	54	3

\* Based on 1998 Aggregate Small Business Data only. Market rank is for all income categories combined.

\*\* Small Farm loans within an MSA/AA as a % of all Small Farm loans in the rating area.

**Table 7. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HMDA HOME PURCHASE										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share by Borrower Income*					Total Home Purchase Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Albuquerque MSA	21	6	17	17	22	26	40	49	4	5.4	4.6	4.7	6.0	9.0	2,712	42
Rural New Mexico	23	3	17	9	19	19	41	67	2	11.2	7.2	6.4	8.9	17.4	2,743	42
<b>Limited Scope</b>																
Las Cruces MSA	24	2	16	9	19	17	41	70	4	7.7	1.1	3.2	6.7	13.9	593	9
Santa Fe MSA	22	7	17	21	21	23	40	46	6	4.6	2.9	6.5	5.2	5.5	476	7

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 8. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1997 TO 12/31/1999						
MSA/Assessment Area	Low Income Borrowers		Moderate Income Borrowers		Middle Income Borrowers		Upper Income Borrowers		Overall Market Rank*	Market Share By Borrower Income*					Total Home Improvement Loans	
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total
<b>Full Scope</b>																
Albuquerque MSA	21	15	17	18	22	24	40	40	1	15.9	23.0	15.4	16.7	14.6	969	43
Rural New Mexico	23	13	17	19	19	23	41	41	1	27.5	32.6	34.2	29.5	24.5	1,059	47
<b>Limited Scope</b>																
Las Cruces MSA	24	5	16	15	19	18	41	59	3	10.2	1.4	4.5	10.6	17.9	99	4
Santa Fe MSA	22	7	17	11	21	16	40	35	8	4.8	1.8	4.3	4.5	6.0	114	5

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 9. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Overall Market Rank*	Market Share by Borrower Income*					Total Loans		
	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**	% of Families	% Bank Loans**		Overall	Low	Mod	Mid	Upp	#	% of Total	
<b>Full Scope</b>																	
Albuquerque MSA	21	8	17	15	22	22	40	40	2	7.0	8.1	7.4	6.2	7.5	4,179	46	
Rural New Mexico	23	5	17	12	19	19	41	53	1	13.4	13.3	14.4	13.0	14.2	3,419	38	
<b>Limited Scope</b>																	
Las Cruces MSA	24	3	16	8	19	13	41	60	2	11.1	8.6	7.7	8.3	12.8	703	8	
Santa Fe MSA	22	8	17	18	21	23	40	32	4	4.8	5.3	5.5	5.7	3.7	722	8	

\* Based on 1998 Aggregate HMDA Data only. Market rank is for all income categories combined.

\*\* As a percentage of loans with borrower income information available.

**Table 10. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Businesses With Revenues of \$1 million or less			% Distribution of Loans by Original Amount Regardless of Business Size			Market Share*		Total Small Business Loans	
	% Business**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Albuquerque MSA	75	66	58	73	16	11	23.6	26.1	4,377	53
Rural New Mexico	74	81	53	86	9	5	21.6	30.3	3,126	38
<b>Limited Scope</b>										
Las Cruces MSA	72	67	59	71	14	15	16.2	16.8	371	4
Santa Fe MSA	79	61	59	79	11	6	6.0	7.6	431	5

\* The market consists of all other Small Business reporters in the bank's assessment area and is based on 1998 Aggregate Small Business Data only

\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses.

\*\*\* Loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No revenue information was available for 1.0% of small loans to businesses reported by the bank.

**Table 11. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL FARM			Evaluation Period: 01/01/1997 TO 12/31/1999							
MSA/Assessment Area	Farms With Revenues of \$1million or less			% Distribution Loans by Original Amount Regardless of Farm Size			Market Share*		Total Small Farm Loans	
	% Farms**	% Bank Loans***	% Market Loans*	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev \$ 1 Million or Less	#	% of Total
<b>Full Scope</b>										
Albuquerque MSA	93	91	87	90	5	5	58.7	59.7	133	8
Rural New Mexico	90	94	89	86	10	4	66.2	67.5	1,529	88
<b>Limited Scope</b>										
Las Cruces MSA	78	91	49	71	5	24	5.0	8.3	21	1
Santa Fe MSA	94	93	89	72	11	17	65.4	68.0	54	3

\* The market consists of all other Small Farm reporters in the bank's assessment area and is based on 1998 Aggregate Small Business Data only

\*\* Farms with revenues of \$1 million or less as a percentage of all farms.

\*\*\* Loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No revenue information was available for 1.0% of small loans to farms reported by the bank.

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS		Evaluation Period: 07/09/97 to 03/13/00							
MSA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Scope:									
Albuquerque MSA	0	0	111	2,660	111	2,660	25.07	0	0
Rural	0	0	122	7,254	122	7,254	68.36	0	0
Limited-Scope:									
Las Cruces MSA	0	0	33	49	33	49	0.46	0	0
Santa Fe MSA	0	0	19	648	19	648	6.11	0	0

**Table 13. Distribution of Branch Delivery System**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																	
Evaluation Period: 7/9/97 TO 3/13/00																	
MSA/Assessment Area	Deposits	Branches						Branch Openings/Closings						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				# of Branch Closings	# of Branch Openings	Net gain(+) / loss(-) of branches due to openings/closings				% of the Population with Each Geography*			
				Low (%)	Mod (%)	Mid (%)	Upp (%)			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full-Scope:																	
Albuquerque MSA	52	36	40	3	33	36	28	10	17	0	+1	+3	+3	3	26	42	29
Rural NM	39	43	48	2	21	60	16	7	14	0	0	+5	+2	5	20	53	22
Limited-Scope:																	
Las Cruces MSA	4	5	6	0	40	20	40	1	3	0	+1	0	+1	3	35	43	19
Santa Fe MSA	5	6	7	0	17	50	33	3	7	0	0	+2	+2	0	28	44	28

\* The percentage of the population in the MSA/AA that resides in these geographies.