



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

**January 06, 2003**

### **Community Reinvestment Act Performance Evaluation**

**The First National Bank Of Santa Fe  
Charter Number: 1750**

**62 Lincoln Avenue  
Santa Fe, NM 87501**

**Office of the Comptroller of the Currency**

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**NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.**

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## Overall CRA Rating

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

The following table indicates the performance level of **The First National Bank of Santa Fe (FNBSF)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	First National Bank of Santa Fe 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 following major factors support this rating.

- The bank achieved a good volume of lending activity.
- The distribution of home mortgage loans and small loans to businesses in low- and moderate-income geographies is good.
- The distribution of home mortgage loans by income level of borrower is good. The penetration of small loans to businesses and lending to businesses of different sizes is excellent.
- The bank exhibited a good responsiveness to the investment needs of the community through a good level of community development investments and cash donations.
- FNBSF's distribution of branches among geographies of different income levels is excellent. Branches are readily accessible to geographies and individuals of all income levels. The bank's level of community development services and involvement is excellent.

## 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.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**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:** 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 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.

**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 household 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 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

**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 primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## Description of Institution

The First National Bank of Santa Fe (FNBSF), an intrastate bank headquartered in Santa Fe, New Mexico, was chartered in 1870 and is the oldest bank in the Southwest. The bank maintains nine branch offices: eight within the Santa Fe MSA, including a branch in the city of Los Alamos; and one in the city of Albuquerque. During the evaluation period, FNBSF expanded the Cerrillos Road and Eldorado offices in Santa Fe, and opened a new branch office in Albuquerque. FNBSF is a wholly owned subsidiary of New Mexico Banquest Corporation, a one-bank holding company, headquartered in Santa Fe, New Mexico.

As of September 30, 2002, the bank's net loans totaled \$220 million representing 58 percent of total assets. Real estate loans comprised 85 percent of net loans of which 1-4 family residential loans comprised 41 percent and commercial real estate 39 percent. Commercial and industrial loans represented 5 percent and loans to individuals totaled 7 percent. The bank had total assets of \$382 million and \$29 million in Tier 1 capital.

FNBSF's focus is to provide the highest and most competent level of customer service through the most personal, diverse and extensive type of financial services available to consumer and commercial clients. Historically, the bank's business has been primarily residential and commercial real estate lending. However, New Mexico Banquest Corporation's merger with a Santa Fe-based general insurance agency in 2000 gave the bank the capacity to offer a broader range of financial services. Currently, the Albuquerque branch office is specializing in delivering trust, investment advisory, brokerage and insurance services.

The bank had two assessment areas for most of the evaluation period. The most significant assessment area to the bank over this evaluation period is the Santa Fe Metropolitan Statistical Area (MSA) where the bank's headquarters and majority of branch offices are located. The city of Albuquerque was designated an assessment area when the bank opened its branch office there in February 2002. Both assessment area delineations meet the legal requirements of the Community Reinvestment Act and do not arbitrarily exclude low- or moderate-income (LMI) geographies.

The bank received a rating of "Satisfactory" at the prior evaluation dated January 10, 2000 under performance standards for large banks. There are no financial or legal impediments impairing the bank's ability to perform under the Community Reinvestment Act.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

This Performance Evaluation (PE) assesses information since the January 10, 2000 examination. The evaluation period for our review of FNBSF's HMDA and small business loan originations covers the period from January 1, 2000 through September 30, 2002. Our review of FNBSF's Community Development loans, investments, services, and retail banking services covers the periods from January 10, 2000 through January 6, 2003. Our review did not include small loans to farms and multifamily loans since none of these loans were originated during the evaluation period. Appendix A contains additional details on the scope of the Performance Evaluation.

### Data Integrity

To determine the accuracy of the bank's loan data used in our analyses, we reviewed all originated and community development loans, investments, and services to ensure that each activity has community development as the primary purpose. We determined that the information available for home mortgage, small business and community development lending, investments, and services was substantially accurate for use in our assessment of the CRA performance of the bank.

### Selection of Areas for Full-Scope Review

FNBSF has two assessment areas. Refer to table 1 in Appendix A for more information.

The Santa Fe MSA is the bank's major market based on the level of lending activity and operations. Deposits in this assessment area represented 99 percent of the bank's total volume of deposits as of June 30, 2002. Loans originated in the Santa Fe MSA over the evaluation period comprise 97 percent of total loans originations. The volume of reportable home mortgage loans and the volume of small loans to businesses in the Santa Fe MSA represented 98 percent each. This assessment area also includes the majority of all the current banking locations and deposit taking ATMs. Because of the significance of this area to the bank, the Santa Fe MSA was selected for a full-scope review.

### Ratings

The bank's overall rating is based primarily on the performance from the Santa Fe MSA. In general, the performance in each assessment area is weighted according to the percentage in deposits received from that area. As noted in Table 1 in Appendix C, approximately 99 percent of the deposits came from the Santa Fe MSA. In developing the overall conclusions for the bank, FNBSF's performance in the Santa Fe MSA carried the most weight.



## **Other**

During our evaluation of FNBSF's performance, we contacted a financial intermediary organization. Based on that contact, we determined that affordable housing is a continuing need in the community. However, housing development is constrained due to environmental issues, public policy and costs. There is a lack of critical resources, such as water and vacant usable land supplied with utilities, and it is expensive to develop land for housing in Santa Fe. An emerging community development need is for affordable child-care centers.

## **Fair Lending Review**

An analysis of the most recent public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on the analysis of information, the OCC decided that a comprehensive fair lending examination would not be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1999.

## 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 a full-scope review, the bank's performance in the Santa Fe MSA is good.

#### Lending Activity

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

Only in this section of the Performance Evaluation is market share measured by dollar volume of accounts. This is done in order to make the loan and deposit information comparable. Elsewhere in this document, market share refers to the number of transactions.

During the evaluation period, FNBSF reported 1,290 loan originations totaling \$162 million. Of these, small loans to businesses represented 41% of the dollar volume and 38% of the total number of loan originations. Home mortgage loans represented 59% of the dollar volume and 62% of the total number of loan originations. Among home mortgage loan originations, approximately 28 percent were for home purchase, 42 percent for home improvement, and 30 percent for home refinance. The bank did not purchase any small loans to businesses or home mortgage loans during the evaluation period. Community development loan activities were also considered in the evaluation of FNBSF's performance under the Lending Test

As indicated in Table 1, FNBSF achieved a good level of lending activity. As of June 30, 2002, the bank held a 16.01 percent market share of FDIC insured deposits in the assessment area, ranking second among 10 financial institutions. Based on 2001 peer mortgage loan data for the assessment area, FNBSF achieved a 2.37 percent market share based on the dollar volume of mortgage loans ranking ninth and a 2.93 percent market share based on the number of mortgage loan transactions ranking eighth out of 321 lenders. Based on the number of transactions, FNBSF had a market share of 2.76 percent and ranked eleventh of 223 lenders making home purchase loans; a market share of 18.37 percent and ranked first of 59 lenders making home improvement loans; and a market share of 1.86 percent and ranked fourteenth of 261 lenders making home refinance loans in the Santa Fe MSA. Mortgage lenders and large financial institutions were significant lenders in the bank's assessment area capturing 38 percent of the home mortgage market share.

Based on 2001 peer small business data, FNBSF had an 8.91 percent market share based on the dollar volume of loans, ranking fifth and a 2.55 percent market share based on the number of transactions, ranking thirteenth out of 63 lenders. The four top lenders making small loans to businesses were non-bank financial services companies that captured 50 percent of the market. Overall, FNBSF did a good job of reinvesting deposits into home mortgage loans and small loans to businesses in order to meet an important credit need identified in the community.

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

### ***Home Mortgage Loans***

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of HMDA loans is good. The overall geographic distribution of home purchase loans is good. The bank's percentage of home purchase loans to moderate-income tracts exceeds the percent of owner occupied units in moderate-income tracts. The bank's home purchase market share in moderate-income tracts exceeds overall market share.

The overall geographic distribution of home improvement loans is good. The bank's percentage of home improvement loans to moderate-income tracts is near to the percentage of owner occupied units in the MSA. FNBSF's market share of loans in moderate-income geographies exceeds overall market share.

The geographic distribution of home refinance loans is adequate. The bank's percentage of refinance loans in moderate-income tracts is below the demographics. The bank's market share in these tracts is near their overall market share. We gave less weight to refinance loans since this is generally not a critical need for low- and moderate-income borrowers in the community.

### ***Small Loans to Businesses***

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.

The bank's overall geographic distribution of small loans to businesses is good. The bank's percentage of small loans to businesses in moderate-income tracts is near to the percentage of businesses in moderate-income geographies. The bank's market share in moderate-income tracts exceeds overall market share.

## **Lending Gap Analysis**

No unexplained conspicuous gaps were identified. FNBSF penetrated 100 percent of the moderate-income geographies, 100 percent of the middle-income geographies, and 91 percent of the upper-income geographies in its assessment area with home mortgage loan products. For small loans to businesses, the bank penetrated 89 percent of moderate-income geographies, and 91 percent of both middle- and upper-income geographies. The absence of unexplained gaps in the bank's lending activity had a positive effect upon our conclusion about the geographic distribution of FNBSF's lending activity.

### ***Inside/Outside Ratio***

FNBSF achieved an excellent concentration of lending in its assessment area during this evaluation period. Of the reported loan originations and purchases, 89 percent of home mortgage loans and 96 percent of small loans to businesses were made to borrowers in the assessment area. This performance was positively factored into the overall analysis of the geographic distribution of lending by income level.

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

#### ***Home Mortgage Loans***

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.

The overall distribution of loans by borrower income is good.

The distribution of home purchase loans by borrower income level is excellent. The bank's percent of home purchase loans to low-income borrowers equals the percent of low-income families residing in the Santa Fe MSA. The percent of home purchase loans to moderate-income borrowers exceeds the demographics of moderate-income families residing in the Santa Fe MSA. FNBSF's home purchase loan market share to low-income borrowers substantially exceeds overall market share at more than double the overall market share. Home purchase loan market share for moderate-income borrowers exceeds overall market share.

The distribution of home improvement loans by borrower income level is good. The bank's percentage of home improvement loans to low-income borrowers is less than the percent of low-income families in the MSA. The percentage of home improvement loans to moderate-income borrowers substantially exceeds the portion of moderate-income families residing in the MSA. The bank's home improvement loan market share to low-income borrowers exceeds overall market share. Home improvement loan market share to moderate-income borrowers also exceeds overall market share.

The distribution of home mortgage refinance loans is good. The bank's percentage of home refinance loans to low-income borrowers is substantially below the percent of low-income families residing in the MSA. The bank's percent of home refinance loans to moderate-income borrowers exceeds the portion of moderate-income families residing in the MSA. FNBSF's home refinance loan market share to low-income borrowers exceeds overall market share. Home refinance loan market share to moderate-income borrowers exceeds overall market share.

### ***Small Loans to Businesses***

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.

The borrower distribution of small loans to businesses is excellent. FNBSF's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) exceeds the percentage of small businesses in the MSA. The market share of small loans to small businesses exceeds their overall market share of small loans to businesses by almost double. Furthermore, a substantial majority of the bank's small loans to businesses are for amounts \$100 thousand or less.

### **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.

Community Development lending opportunities were low or virtually nonexistent in the Santa Fe MSA during this evaluation period. As such, FNBSF did not fund any community development loans in the Santa Fe MSA other than various loans to small businesses and non-profit organizations already reflected in the small loans to businesses data.

### **Product Innovation and Flexibility**

The bank used several flexible loan products and programs over the evaluation period. This had a positive impact on the Lending Test rating.

FNBSF developed a Community Connection Banking Fund (CCBF) program that allows bank clients to specify that their deposits be used to make loans in three community development areas: affordable housing, small loans to businesses, and educational programs. Through the CCBF program the bank funded 99 loans totaling \$9.3 million over the evaluation period.

In conjunction with the Neighborhood Housing Services (NHS) and the CCBF program, the bank originated one loan in the moderate-income census tract (CT) in Pojoaque Pueblo through a guaranteed program from Rural Housing Services. This was the first rural housing loan in the nation for a single-family unit in an Indian reservation.

Additionally, the bank funded 87 loans totaling \$9 million through its partnership agreement with NHS and the various programs offered by this organization. Under their Teacher Home Fund program, FNBSF originated six low interest loans totaling \$600 thousand to first-time homebuyers who were primarily LMI individuals. During the evaluation period, FNBSF also entered into agreements to participate in an "HFA Mortgage" underwriting experiment with Fannie Mae and the New Mexico Mortgage Finance Authority, and to offer two other low-cost homebuyers programs under the "Community 100 Mortgage" and "National Council of La Raza Mortgage Loan" initiatives. These programs were primarily targeted to LMI individuals. Due to stiff competition from multi-national branch banks in the MSA, the bank was unsuccessful in launching these affordable housing programs.

## Conclusions for Areas Receiving Limited-Scope Reviews

Based on a limited-scope review, the bank's performance under the Lending Test in the Albuquerque assessment area is not inconsistent with the bank's overall "High Satisfactory" performance under the Lending Test. Refer to Tables 1 through 13 in Appendix C for the facts and data that support these conclusions.

During most of the evaluation period the bank had a \$1.5 million binding commitment in the form of an irrevocable letter of credit for the rehabilitation and revitalization of the downtown district, which had been designated as a "blighted area." The bank ultimately funded \$900 thousand for construction financing of the downtown development and the current outstanding balance is \$750 thousand. The bank's CD lending raised the performance to High Satisfactory in the Limited Scope assessment area.

## INVESTMENT TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated "High Satisfactory". Based on this full-scope review, the bank's performance in the Santa Fe MSA is good.

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

FNBSF exhibited good responsiveness to credit and community development needs with investing activities. Information gathered from bank management, performance evaluations of similarly situated local financial institutions, and the Community Reinvestment Development database at the OCC indicated that investment opportunities in the area are limited. This is in part due to the lack of any low-income geographies in the assessment area, and a limited number of moderate-income areas. The current level of qualifying investments at FNBSF represents a significant increase from the last performance evaluation.

FNBSF made a total of \$783 thousand in investments and donations in their assessment area. This represented 2.7 percent of Tier 1 capital. The investments were neither innovative nor complex, but were responsive to the overall need in the assessment area for affordable housing and small businesses. Qualifying investments and donations during this evaluation period include the following:

- The bank purchased a CRA-targeted \$348 thousand Federal National Mortgage Association (FNMA) "low mod pool" Mortgage Backed Security. The security is pooled mortgages backed by loans made to borrowers in the bank's assessment area with income of less than 80 percent of the median family income (moderate-income) of the assessment area. This investment supports affordable housing in the assessment area.

- The bank invested \$250 thousand for 10 years at 3 percent in Neighborhood Housing Services of Santa Fe, Inc., for a Community Development Financial Institution (CDFI) matching grant. A CDFI is a financial institution chartered to provide an array of financial services needed by low-income households and businesses in the target areas, including mortgage financing for homebuyers. The purpose of the grant is to support affordable housing programs in the bank's assessment area.
- The bank invested \$50 thousand for 5 years at 4 percent with the New Mexico Community Development Loan Fund. The Fund is a tax-exempt, non-profit corporation established to encourage economic empowerment. With investments such as FNBSF's \$50 thousand, the Fund makes loans, at below market rates, for the creation and preservation of jobs, the development of affordable housing and the provision of basic human services for lower-income households and other disadvantaged persons.
- The remaining approximately \$135 thousand consisted of over 100 contributions to a diverse group of community development organizations that provided services for low- and moderate-income individuals in the assessment area during the evaluation period. These contributions had a direct impact on the community by providing assistance to low- and moderate-income families through organizations serving or facilitating affordable housing, the homeless, displaced, unemployed and under-employed workers, community food banks, youth literacy/education, including support in Title I schools or to needy students, healthcare to low- and moderate-income individuals, and small business economic development.

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

Based on a limited-scope review, the bank's performance under the Investment Test in the Albuquerque assessment area is inconsistent with the bank's overall "High Satisfactory" performance under the Investment Test. In the Albuquerque assessment area, the bank's performance is weaker than the bank's overall performance. The Albuquerque assessment area is a large metropolitan area where more investment opportunities exist than in the Santa Fe MSA. However, there is also strong competition for these types of investments within the Albuquerque assessment area, and FNBSF has a very small presence there. The bank opened a branch there less than a year ago, and has not participated in any qualifying community investments to date. This area had a neutral impact on the overall Investment Test rating because it represents a significantly smaller part of the bank's deposit base. 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**

The bank's performance under the Service Test is rated "Outstanding". Based on a full-scope review, the bank's performance in the Santa Fe MSA is excellent.

### **Retail Banking Services**

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.

FNBSF's retail banking services are readily accessible to geographies and individuals of different income levels within its assessment area. Of the eight branch locations in the Santa Fe MSA, three are located in moderate-income census tracts (CTs), three in middle-income CTs, and two in upper-income CTs. The percentage of branches located in the moderate-income CTs exceeds the percentage of the population in those geographies. Since the last CRA examination the bank refurbished the Cerrillos office and improved the drive-up banking facility. The Eldorado office was expanded along with the ATM delivery system. Two additional ATMs were opened in Santa Fe, one as a second unit in the Cerrillos office location and another in a middle-income CT. The bank closed the ATM at the College of Santa Fe. However, the closure did not have a negative impact on the community. The relocation of the ATMs has increased accessibility to more low- and moderate-income individuals and small businesses in the assessment area. No full-service branches were opened or closed during the evaluation period.

The bank continues to offer a full range of banking services at all locations and banking hours do not vary in a way that would inconvenience low- to moderate-income geographies or individuals. Several of the branch locations have bilingual employees to better serve the large Hispanic and Native American populations.

Other alternative delivery systems include tele-banking and a mobile branch that provides banking services to individuals that do not have the capacity to travel to the bank's locations. The mobile branch travels to a local retirement home on a weekly basis and is periodically used for special events such as fairs, fiestas, and other community functions. FNBSF recently offered Internet Banking to a pilot group on a trial basis and expects to roll out a full Internet Banking program in the first quarter of 2003. We could not place significant weight on the alternative delivery systems when drawing our CRA performance conclusions because no data was available on how LMI geographies and individuals are affected.

### **Community Development Services**

The bank has excelled in the level of community development services to various community organizations and programs within its assessment area. We identified 18 community-based groups where bank employees have donated a substantial amount of service time through their involvement in providing technical assistance. These activities provided financial expertise to organizations and groups that help meet the credit needs of low- and moderate-income individuals or small businesses by facilitating affordable housing, small business



development and community service. Overall donated time increased substantially for the bank over the previous CRA examination.

Examples of these services include:

- Two bank officers provided technical assistance to an organization that promotes the growth of small business and facilitated classes that taught financial and statement analysis to small and emerging businesses.
- Several bank employees served as loan committee and community relations committee members to an organization that promotes affordable housing in Santa Fe. One bank employee in particular served as a translator for non-English speakers so that they could understand the financial requirements.
- Two bank officers served as members of the advisory council in an organization that is dedicated to economic development in Santa Fe. The bank officers assisted the organization in providing technical assistance and financial information to local small business entrepreneurs. Information provided focused on the development and expansion of small businesses to support permanent job creation and retention for LMI individuals or in LMI geographies.
- The bank was instrumental in obtaining a Federal Home Loan Bank Housing Program grant of \$150 thousand to fund construction of a twenty-four unit facility targeted to low-income disabled Santa Fe residents. The bank wrote and submitted the proposal that resulted in the award of the grant.

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

Based on a limited-scope review, the bank's performance under the Service Test in the Albuquerque assessment area is inconsistent with the bank's overall "Outstanding" performance under the Service Test. In the Albuquerque assessment area, the bank's performance is weaker than the bank's overall performance. The bank opened a branch in a middle-income CT in Albuquerque during the last ten months. This had a neutral impact on the bank's overall performance. 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 and non-metropolitan 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 (excludes CD Loans): 01/01/00 to 09/30/02 Investment and Service Tests and CD Loans: 01/10/00 to 01/06/03	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
First National Bank of Santa Fe (FNBSF) Santa Fe, New Mexico	Home Mortgage Loans, Small Business Loans, CD Loans, CD Investments, Retail Banking Services, and CD Services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>[Instructions: Provide only if affiliate products are reviewed.]</i>  None		N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Santa Fe	Full-Scope	MSA #7490
City of Albuquerque	Limited-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

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

(Santa Fe MSA #7490) .....	B-2
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**Santa Fe Metropolitan Statistical Area #7490**

Demographic Information for Full-Scope Area: Santa Fe MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	31	0.00	29.03	35.48	35.48	0.00
Population by Geography	117,043	0.00	28.47	43.51	28.03	0.00
Owner-Occupied Housing by Geography	30,988	0.00	25.67	42.81	31.52	0.00
Businesses by Geography	12,940	0.00	40.72	34.90	24.38	0.00
Farms by Geography	219	0.00	31.51	45.66	22.83	0.00
Family Distribution by Income Level	30,531	21.54	17.24	21.30	39.93	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,839	0.00	44.59	43.34	12.07	0.00
Median Family Income = \$38,146						
HUD Adjusted Median Family Income for 2002 = \$63,100						
Households Below the Poverty Level = 10.92%						
			Median Housing Value = \$118,389			
			Unemployment Rate = 2.36%			

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 1990 U.S. Census, and 2002 HUD updated MFI.

The bank’s assessment area is the Santa Fe MSA 7490, which is comprised of Santa Fe and Los Alamos Counties, and the cities of the same names. Of the 117,043 total population in the MSA, 85% or 98,928 reside in Santa Fe County with the remainder in Los Alamos County. There are 31 CTs within the demographic area of the MSA. Santa Fe County contains 26 CTs designated as follows: nine moderate-income, ten middle-income, and seven upper-income tracts. Los Alamos County is comprised of five CTs, with one middle-income CT and four upper-income tracts. There are no low-income tracts in either county.

FNBSF operates in a competitive financial environment in the Santa Fe MSA. FNBSF’s market share of total bank deposits in the MSA is 16%. Other financial institutions in the MSA include 16 branches of two large nation-wide banks; 15 offices and branches of other regional and local banks and thrifts, as well as numerous other non-bank financial institutions. FNBSF operates eight of its own offices and ATMs and six stand-alone ATMs in the Santa Fe MSA. It also has one office outside the Santa Fe MSA in the Albuquerque assessment area. FNBSF is a full service bank, focusing on residential loans and small business commercial real estate loans

The primary employment base in the Santa Fe MSA is government (including federal, state, and local) followed by services, and wholesale/retail trade. The area is economically stable with a 2.36% unemployment rate. Numerous very small businesses and a few large employers dominate Santa Fe’s economy. Not counting local, state, and federal employees, 57% of businesses in the Santa Fe MSA had four or fewer employees in 2002. Just over 2% of businesses had over 50 employees. As of 1999, local, state and federal government agencies employed 25,600 persons or almost 35% of the workforce. The service sector, which

includes tourism, runs a close second with nearly 30%. These numbers illustrate a workforce split between a large number of small companies, and a few businesses and government.

The median price of a home in the Santa Fe city limits was approximately \$272M in 2002. Based on an industry rule of thumb that you can afford a house that costs up to 2.5 times your annual gross income, it appears that the 2002 HUD adjusted median family income (MFI) of 63,100 can only support a house costing of \$158M. This confirms that affordability is a significant issue, particularly in Santa Fe. This becomes more apparent when analyzing the two counties separately. In Santa Fe, 25% of families are considered low-income compared to 6% in Los Alamos County. These are families with a MFI of less than 50% or \$31,550. Moderate-income families (with a MFI of at least 50% and less than 80% of the MFI or \$50,480) represent 19% in Santa Fe and 8% in Los Alamos. These low- and moderate-income levels cannot support the cost of housing in the MSA. Several factors have contributed to high land prices, a lack of affordable housing and high cost of living for city residents. Within city limits, housing development is constrained due to lack of two critical resources: water and vacant usable land supplied with utilities. It is expensive to develop land for housing in Santa Fe. Added to these, Santa Fe's quality of life and natural setting have encouraged a migration of higher income residents, which has increased the demand for the limited land. The lack of diversification in business investments with most investment being made in tourism businesses and high-end residential developments, do not serve to create the higher paying jobs which might have created a stronger demand for moderately priced homes.

During our evaluation of FNBSF, we made a contact with a community organization to determine the needs and opportunities in the assessment area. The organization contacted was a financial intermediary. The contact provided information to determine the opportunities for community development loans and investments in the assessment area as well as barriers to community development investment and lending in the assessment area. Based on our contact, we determined that a continuing need in the community is for affordable housing in the low- and moderate-income range. The primary barriers to meeting this need are the water and land use issues mentioned above. The contact thought the local financial institutions were doing a good job of meeting the needs within the constraints of these public policy and environmental issues. An emerging community development need was cited for affordable child-care centers.

## 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 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. 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. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- 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. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**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 2002		Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30,				
MA/Assessment Area (2002):	% 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)	
<b>Full Review:</b>												
Santa Fe MSA	97.24	800	95,562	490	66,125	0	0	0	0	1,290	161,687	98.80
<b>Limited Review:</b>												
Albuquerque AA	2.76	14	2,527	11	1,308	0	0	1	750	26	4,585	1.20

\* Loan Data as of September 30, 2002. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From January 01, 2000 to September 30, 2002.

\*\*\* Deposit Data as of June 30, 2002. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME 2002		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30,	
MA/Assessment Area (2002):	Other Unsecured Consumer Loans		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Santa Fe MSA	0	0	0	0	0
<b>Limited Review:</b>					
Albuquerque AA	0	0	1		1,500

\* The evaluation period for Optional Product Line(s) is From January 01, 2000 to September 30, 2002.

**Table 2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE 2002		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002					
MA/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	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	228	97.02	0.00	0.00	25.67	27.63	42.81	42.11	31.52	30.26	2.42	0.00	2.73	2.26	2.44
<b>Limited Review:</b>															
Albuquerque AA	7	2.98	1.45	0.00	18.47	0.00	42.02	14.29	38.06	85.71	0.02	0.00	0.00	0.01	0.02

\*Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* 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 housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

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

Geographic Distribution: HOME IMPROVEMENT 2002		Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002					
MA/Assessment Area:	Total Home Improvement 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
<b>Full Review:</b>															
<b>Limited Review:</b>															

\*Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* 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 housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

<b>Full Review:</b>															
Santa Fe MSA	334	99.70	0.00	0.00	25.67	23.35	42.81	53.29	31.52	23.35	25.05	0.00	30.95	27.47	17.39
<b>Limited Review:</b>															
Albuquerque AA	1	0.30	1.45	0.00	18.47	100.00	42.02	0.00	38.06	0.00	0.00	0.00	0.00	0.00	0.00

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

Geographic Distribution: HOME MORTGAGE REFINANCE SEPTEMBER 30, 2002				Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2000 TO							
MA/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	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	238	97.54	0.00	0.00	25.67	15.97	42.81	58.40	31.52	25.63	1.62	0.00	1.55	2.03	1.08
<b>Limited Review:</b>															
Albuquerque AA	6	2.46	1.45	0.00	18.47	16.67	42.02	33.33	38.06	50.00	0.01	0.00	0.04	0.01	0.00

\* Based on 2001 Peer Mortgage Data: Southwest Region.

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

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 2002			Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30,				
MA/Assessment Area:	Total Multifamily Loans	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Market Share (%) by Geography*					

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	0	0.00	0.00	0.00	29.91	0.00	28.76	0.00	41.33	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Albuquerque AA	0	0.00	4.98	0.00	27.09	0.00	40.18	0.00	27.75	0.00	0.00	0.00	0.00	0.00	0.00

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

Geographic Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2002			Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2000 TO				
MA/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
<b>Full Review:</b>															
Santa Fe MSA	490	97.80	0.00	0.00	40.72	38.78	34.90	41.63	24.38	19.59	2.55	0.00	2.91	2.82	2.56
<b>Limited Review:</b>															
Albuquerque AA	11	2.20	3.11	0.00	25.74	9.09	38.35	27.27	32.80	63.64	0.01	0.00	0.00	0.02	0.00

\* Based on 2001 Peer Small Business Data: US&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 (2002).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS 30, 2002			Geography: NEW MEXICO								Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER				
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\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Source Data - Dun and Bradstreet (2002).

MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overa II	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	0	0.00	0.00	0.00	31.51	0.00	45.66	0.00	22.83	0.00	0.00	0.00	0.00	0.00	0.00
<b>Limited Review:</b>															
Albuquerque AA	0	0.00	1.39	0.00	17.10	0.00	50.89	0.00	30.62	0.00	0.00	0.00	0.00	0.00	0.00

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 2002			Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002						
MA/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**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	228	97.02	21.54	21.52	17.24	26.46	21.30	12.11	39.93	39.91	2.78	6.31	3.70	1.66	2.22
<b>Limited Review:</b>															
Albuquerque AA	7	2.98	20.31	28.57	17.03	14.29	21.59	0.00	41.06	57.14	0.02	0.00	0.02	0.00	0.04

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 2.13% of loans originated and purchased by FNBSF.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT 30, 2002			Geography: NEW MEXICO						Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002						
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\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 0.30% of loans originated and purchased by FNBSF.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* 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.

MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	334	99.70	21.54	17.72	17.24	23.12	21.30	18.02	39.93	41.14	25.85	26.98	31.25	21.98	25.12
<b>Limited Review:</b>															
Albuquerque AA	1	0.30	20.31	0.00	17.03	0.00	21.59	100.00	41.06	0.00	0.00	0.00	0.00	0.00	0.00

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE															
Geography: NEW MEXICO															
Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER 30, 2002															
MA/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* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Santa Fe MSA	238	97.54	21.54	10.76	17.24	23.77	21.30	24.22	39.93	41.26	1.75	2.89	1.93	1.77	1.54
<b>Limited Review:</b>															
Albuquerque AA	6	2.46	20.31	0.00	17.03	40.00	21.59	0.00	41.06	60.00	0.01	0.00	0.08	0.00	0.00

\* Based on 2001 Peer Mortgage Data: Southwest Region.

\*\* As a percentage of loans with borrower income information available. No information was available for 6.56% of loans originated and purchased by FNBSF.

\*\*\* Percentage of Families is based on the 1990 Census information.

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

**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES SEPTEMBER 30, 2002			Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2000 TO				
MA/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
<b>Full Review:</b>									
Santa Fe MSA	490	97.80	73.49	82.45	69.18	15.51	15.31	2.55	4.59
<b>Limited Review:</b>									
Albuquerque AA	11	2.20	74.89	90.91	54.55	27.27	18.18	0.01	0.02

\* 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 - 2002).

\*\*\* 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 0.40% of small loans to businesses originated and purchased by the bank.

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS 30, 2002			Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2000 TO SEPTEMBER				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Santa Fe MSA	0	0.00	93.15	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 2001 Peer Small Business Data: US&PR.

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

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

<b>Limited Review:</b>									
Albuquerque AA	0	0.00	89.46	0.00	0.00	0.00	0.00	0.00	0.00

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: NEW MEXICO					Evaluation Period: JANUARY 1, 2000 TO JANUARY 6, 2003				
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Santa Fe MSA	0	0	104	783	104	783	100.00	0	0
<b>Limited Review:</b>									
Albuquerque AA	0	0	0	0	0	0	0.00	0	0

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

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

**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, 2000 TO JANUARY 6, 2003												
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches 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
<b>Full Review:</b>																	
Santa Fe MSA	98.80	8	89	0.00	37.50	37.50	25.00	0	0	0	0	0	0	0.00	28.47	43.51	28.03
<b>Limited Review:</b>																	



**Charter Number: 1750**

Albuquerque AA	1.20	1	11	0.00	0.00	100.0 0	0.00	1	0	0	0	1	0	2.98	24.29	40.43	32.31
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