

LARGE BANK

Comptroller of the Currency
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Community Reinvestment Act Performance Evaluation

First National Bank of Santa Fe
Charter Number: 1750

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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.

Table of Contents

General Information	1
Definitions and Common Abbreviations	2
Overall CRA Rating	5
Description of Institution	6
Scope of Evaluation	7
Fair Lending Review	8
Conclusions with Respect to Performance Tests	
Lending Test	9
Investment Test	14
Service Test.....	14
Appendix A: Scope of Evaluation	A-1
Appendix B: Market Profiles for Areas Receiving Full-Scope Reviews	B-1
Appendix C: Tables of Performance Data	C-1

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 First National Bank of Santa Fe prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of January 10, 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, and 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. In addition, 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 **First National Bank of Santa Fe (FNBSF)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- FNBSF’s lending activity demonstrates a good responsiveness to the needs of the Santa Fe MSA with 602 small business and HMDA loans totaling almost \$72 million.
- A good geographic distribution of FNBSF’s HMDA and small business loans throughout the Santa Fe MSA
- FNBSF’s distribution of borrowers reflects a good penetration among customers of different income levels and business customers of different sizes.
- With grants and donations totaling \$29M, FNBSF has an adequate level of community development investments given the low level of opportunities for investment during the evaluation period.
- FNBSF retail delivery systems are accessible to geographies and individuals of different income levels in its assessment areas. The bank provides a good level of community development services.

Description of Institution

The First National Bank of Santa Fe (FNBSF) is headquartered in the city of Santa Fe, New Mexico and was established in 1870. FNBSF is an intrastate bank. In addition to the headquarters and main bank in downtown Santa Fe, FNBSF operates six branches within the Santa Fe MSA; one in the city of Los Alamos and five in the city and county of Santa Fe. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its assessment area (AA). The bank is the only subsidiary of New Mexico Banquest Corporation. Banquest is a holding company whose assets are solely the stock of FNBSF. The bank has no affiliates. There has been no merger or acquisitions during the evaluation period. FNBSF was rated "Satisfactory" for the prior evaluation period ending September 4, 1997. The bank was previously evaluated using small bank performance criteria and procedures.

As of December 31, 1999, the bank had Tier One equity capital of \$23 million and total assets of \$284 million. Net loans represented 61 percent of total assets. 49 percent of the loan portfolio is comprised of loans secured by one to four family residences. 32 percent of the loan portfolio is comprised of commercial real estate loans. 7 percent of the loan portfolio is comprised of consumer installment or credit card loans.

FNBSF provides a variety of traditional credit and deposit products and services to consumer and commercial clients. The bank is primarily a residential and commercial real estate lender.

The management of FNBSF has chosen Santa Fe MSA 7490 as its assessment area. The MSA comprises two assessment areas; the county of Santa Fe and the county of Los Alamos. This delineation meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated, HMDA and small business loans originated by the bank from January 1, 1998 through December 31, 1999. We evaluated CD investments, grants donations, services and loans from September 4, 1997, the date of the last performance evaluation, through January 10, 2000, the date of the current CRA performance evaluation. We did not evaluate small farm lending due to the limited demand for farm lending in the MSA.

Data Integrity

Data used during this evaluation period was tested for integrity in February 1999 and January 2000. The data the bank provided for review was correct .

Selection of Areas for Full-Scope Review

The bank has only two assessment area; Los Alamos and Santa Fe. Both were targeted for full scope review and are integral to the evaluation of the bank. The two assessment areas comprise the entire Santa Fe MSA and are representative of the MSA. The two assessment areas were combined for review because they comprised the entire MSA and were contiguous.

Ratings

The overall rating of the bank is based primarily on those areas that received full-scope reviews. The greatest weight of our review rests on the small business and consumer home mortgage loan products.

Other

During our evaluation of FNB, we contacted several organizations to determine the needs and opportunities in the assessment areas. The organizations contacted were divisions of the state and city governments, private investment brokerage firms and non-profit community development organizations. The contacts 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 areas.

Fair Lending Review

We conducted an examination of the bank's compliance with fair lending laws and regulations through a comparative file analysis of home improvement loan applications. We selected a sample using 1999 and 1998 HMDA-LAR information.

Our examination was designed to detect illegal credit discrimination in the processing of loan applications for Hispanic and White applicants.

Our comparative file review focused on the outcomes in the lending process. We compared 20 denied Hispanic applicants to 51 approved White applicants.

Fair Lending Conclusion

We found no violations of the substantive provisions of the antidiscrimination laws and regulations. We found lending personnel are treating applicants in a similar manner, without regard to race. It is evident management is committed to ensuring lending personnel understand fair lending obligations.

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

We consider the level of lending activity by the bank to be good. The bank originated 602 loans totaling \$72 million dollars during the evaluation periods. The bank holds the second largest share of deposits in Santa Fe County with 20.3 percent of the FDIC insured deposits. The bank holds the third largest share of deposits in Las Alamos County with 8.32 percent of FDIC insured deposits. Although the bank is only the eighth ranked lender of small business loans and the fourteenth ranked lender of HMDA loans, we consider the level of activity to be good. The volume of loans corresponding to the market share of the bank represents a good level of activity of loans given the bank's \$270 million in assets and \$271 million in deposits. The presence of seven mortgage companies and three branches of multinational banks in the top fourteen mortgage lenders makes a correlation between deposit share and HMDA market share invalid. Similarly, the presence of a finance company, a credit card lender and three branches of large multinational banks in the top eight ranked small business lenders makes the correlation of deposit share to small business market share also invalid.

Distribution of Loans by Income Level of the Geography

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

FNBSF home purchase loans reflect an excellent distribution throughout the moderate-income geographies of the MSA.

To assess the bank's geographic distribution of loans, we calculate the number of bank loans in low, moderate, middle and upper income geographies as a percentage of all loans in the portfolio of the bank. We then compare this to the percentage of owner occupied dwellings that are located moderate-income geographies. FNBSF's loans in moderate- income geographies as a percentage of total loans exceeds the percentage of owner occupied housing in moderate- income geographies.

In addition, when assessing the bank's geographic distribution, we compare the percentage of FNBSF's loans in moderate-income geographies to the percentage of loans in moderate-income geographies that are being made by all other banks in the assessment area. FNBSF's percentage of loans in moderate- income geographies is the second highest behind a large nationwide mortgage lender and much greater than the average of all other lenders.

Another indicator that we use when assessing geographic distribution is the comparison of the bank's overall share of the market in a particular loan category to the bank's market share in the moderate-income geography. FNBSF's market share of loans in moderate-income geographies is almost twice its overall market share in all geographies.

We will use the three indicators discussed above; percentage of bank loans in a particular geography to demographics, percentage of bank loans in a particular geography to the percentage of all banks and the bank's market share of loans in a particular geography to the bank's overall market share of loans throughout the performance evaluation to analyze the bank's distribution of loans throughout its assessment area and to borrowers of different incomes.

Home Improvement

The geographic distribution of home improvement loans in the MSA is good. The percentage of bank loans in moderate-income census tract is slightly below the percentage of owner occupied houses in the MSA however, the FNBSF's percentage of loans is higher than any of the top fifteen lenders in the MSA. FNBSF's market share of loans in moderate-income geographies is double its overall market share.

Refinance

Refinance is given less weight because it is less an indicator of the availability of credit and more of an indicator of ability to lower cost of credit. Since most of the low and moderate-income borrowers generally have a loan financed through an affordable housing program, this is generally not a critical need of low or

moderate-income borrowers in the community. FNBSF's distribution of refinanced loans is good.

FNBSF's percentage of loans are slightly below the percentage of occupied houses in moderate-income geographies, but higher than the all but two of the top 15 lenders in the MSA. In addition, FNBSF's market share in moderate-income geographies is higher than 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.

FNBSF's geographic distribution of loans in moderate-income census tracts is excellent. The bank's percentage of loans in moderate-income geographies is greater than the percentage of businesses located in those geographies. Its market share in moderate-income tracts is higher than its overall market share. The percentage of loans in moderate-income census tracts is higher than the percentage of loans made by all banks in these geographies.

Lending Gap Analysis

We reviewed portions of the assessment area where there was low or no penetration of HMDA or small business loans. Gaps were identified, however low penetration was due to significant barriers to lending where the census tract was located on an Indian Reservation or there was heavy competition from a the local bank in Las Alamos County. We found no indication that the gaps were because of redlining or efforts to exclude the persons in the geographies identified.

Inside/Outside Ratio

The majority of CRA reportable loans made by FNBSF were originated in the AA. 12 percent of HMDA loans and 3 percent of the small business loans were made outside the AA. The bank's emphasis on lending within its MSA and serving its delineated community is excellent.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 6, 7 and 8 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

FNBSF's distribution of loans to low-income borrowers was good. Although, the distribution of loans to low-income families was below the percentage of low-income families within the assessment area, the bank's market share of loans to low-income borrowers exceeded its overall market share to all borrowers. FNBSF's loans to low-income borrowers as a percentage of all loans exceeded the average of all other lenders.

FNBSF's distribution of loans to moderate-income borrowers is excellent. The distribution of loans to moderate-income families is above the percentage of moderate-income families within the assessment area. The market share to moderate income borrowers is equal to overall market share. FNBSF's loans to moderate-income borrowers were slightly below the average of all other lenders.

Home Improvement

FNBSF's distribution of home improvement loans to low-income borrowers is excellent. The bank is the number one ranked lender of home improvement loans to low-income families. This meets a critical need in the MSA because due to the high cost of new housing most low-income families can only afford to rehab their existing dwelling. The distribution of home improvement loans is equal to the percentage of low-income families. FNBSF's percentage of loans to low-income families significantly exceeds the average of all other lenders.

FNBSF's distribution of loans to moderate-income borrowers is good. The bank has the third largest market share of home improvement loans to moderate-income borrowers in the MSA. The percentage of the bank's loans is slightly below the percentage of moderate-income borrowers in the MSA. The market share of loans is slightly below its overall market share.

Refinance

FNBSF's distribution of refinance loans to low-income is adequate. The bank's percentage of loan to low-income borrowers is below the percentage of low-income families. FNBSF's market share of loans is below its overall market share. The bank's percentage of loans to low-income borrowers is slightly less than the average of all other lenders.

FNBSF's distribution of refinance loans to moderate-income borrowers is excellent. The bank's percentage of loans to moderate-income borrowers is above the percentage of moderate-income families in the MSA and above the average of all other banks. FNBSF's market share of refinance loans to moderate-income borrowers is equal to its overall market share.

Small Loans to Businesses

Refer to Table 9 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.

FNBSF's distribution of loans to businesses of different sizes is good. Although the bank's percentage of loans to businesses with revenues less than \$1 million is less than the percentage of these businesses in the MSA, the percentage is well above the other banks lending in the area. In addition, the percentage of loans that are in amounts of \$100M or less is responsive to what is generally considered the need of the small business community (small size loans) and above the peer group. Its market share of loans to businesses with less than 1 million in revenues is greater than its market share of all reported loans.

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.

The bank had three loans that met the definition of community development however because they were less than \$1 million in size, they were reported under the small business category and not included in the reportable CRA number. These loans are listed below.

- A \$250 thousand line of credit to an organization facilitating affordable housing.
- A \$500 thousand line of credit to a developer of affordable single family homes.
- A \$205 thousand loan to refinance the facility housing the small business incubator facility.

These loans represent 4.1 percent of Tier One capital and demonstrate a good responsiveness to the needs of community concerning affordable housing and

small business.

Product Innovation and Flexibility

FNBSF does not offer any innovative lending products but demonstrated a good effort in providing flexible loans products. The bank is involved in two lending programs to facilitate affordable housing. The programs are Neighborhood Housing Services, and Santa Fe Community Housing Trust. In 1999, the bank funded 43 loans totaling over \$4.3 million through these programs.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Investment Test is rated Low Satisfactory. Based on full-scope reviews, the bank's performance in the Santa FE MSA is adequate

Refer to Table 10 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During the evaluation period, the bank made 27 grants or donations totaling \$29,338. This represents less than one tenth of one percent of Tier One capital. The qualifying investments were made to organizations and facilities dedicated to providing assistance within the bank's assessment area. The grants and donations benefited groups serving or facilitating affordable housing, the homeless and needy, displaced, unemployed and under-employed workers, youth literacy, and healthcare to low-income men and women. The level of investment is considered adequate due to the limited availability of investment opportunities within the MSA. We spoke with several persons representing state and community organizations to determine the level of opportunities. Although there were several affordable housing projects constructed during the evaluation period, funding and construction for these projects was done through organizations outside the state of New Mexico. Local participation through the purchase of bonds or low income housing tax credits was not an option. There were no CD qualified municipal bonds issued by city and county agencies within the assessment area of the bank. The state housing agency issued CD qualified bonds to fund state wide affordable housing programs however they were only issued in 1999 and covered an area much larger than the assessment area. The bank chose not to invest in these in favor of future investment opportunities specific to the needs of the assessment area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated high satisfactory. Based on full-scope reviews the bank's performance in the Santa Fe MSA is good.

Retail Banking Services

Refer to Table 11 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 reasonably accessible to geographies and individuals of different income levels within its assessment area. The bank offers a full range of banking services at all locations. Business hours do not vary in a way that inconveniences low- and moderate-income geographies or individuals. In addition to the main bank and headquarters, which is located in a moderate income census tract, the bank has six permanent branches. Two are located within a moderate-income census tract, two are located within middle-income census tracts and two are located within upper-income census tracts. Six of the seven locations have bilingual officers and tellers available to better serve the large Hispanic and Native American population of the MSA. The majority of its branches are clustered near the center of Santa Fe County. The bank has not opened or closed any full-service branches during the evaluation period.

To serve elderly shut-ins that cannot leave the retirement home, the bank has developed an alternative delivery system where two personal banking representatives periodically call on local retirement homes to offer check cashing, deposit services, and other banking services.

Community Development Services

The bank provides a good level of community development services to various community organizations and programs within its assessment area. These activities provide financial expertise to facilitate affordable housing, small business lending, economic development and community service. During the evaluation period, six bank employees contributed 629 hours of community development services to eleven community organizations and programs operating within the assessment area of the bank.

Following are some examples of these services:

- The bank was instrumental in obtaining a Federal Home Loan Bank Affordable Housing Program grant of \$200,000 to fund construction of a twenty-four unit facility targeted to very low-income disabled Santa Fe residents. The bank wrote and submitted the proposal that resulted in the award of the grant.
- Two bank officers serve on the loan committee of an organization that works to provide a comprehensive approach to Santa Fe's affordable housing strategy.
- A bank officer is an active participant and played a leadership role in organizing a homeownership counseling "train-the-trainer" session for an organization that promotes homeownership opportunities on Indian reservations in New Mexico.
- A bank officer provides technical assistance and serves as a member of the advisor council for an organization that is dedicated to economic development in Santa Fe and assists local entrepreneurs in starting and expanding their businesses.
- A bank officer assisted in developing a program in one of the bank's communities that is designed to reach out and inform the bank's business clients of the alternative small business lending programs and services that are available through the bank and other nonprofit organizations. The officer's bilingual skills further enhance this service to the community.
- A bank officer was instrumental in bringing a small-business lending organization to Santa Fe and is an active participant in the organization. The organization increases access to business credit, makes loans, and provides training.

Appendix A: Scope of Examination

The following table identifies the 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**).

Time Period Reviewed	Lending Test: 9/4/97 to 12/31/99 Investment Test: 9/4/97 to 12/31/99 Service Test: 9/4/97 to 12/31/99	
Financial Institution		Products Reviewed
First National Bank of Santa Fe Santa Fe, New Mexico		Small Business, Home Purchase, Home Improvement, Home Refinance and Community Development loans.
Affiliate(s)	Affiliate Relationship	Products Reviewed
N/A	N/A	N/A
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Santa Fe MSA 7490	Full Scope	The MSA is composed entirely of the counties of Santa Fe and Los Alamos and includes 31 census tracts

Appendix B: Market Profiles for Full-Scope Areas

Santa Fe MSA

Demographic Information for Full-Scope Area: (Name of MSA or Nonmetropolitan Area)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	31	0	29.03	35.48	35.48	0
Population by Geography	117,043	0	28.47	43.51	28.03	0
Owner-Occupied Housing by Geography	30,988	0	25.6	42.9	31.5	0
Businesses by Geography	7,815	0	40	33	26.5	0
Farms by Geography	131	0	34	38	27	0
Family Distribution by Income Level	30,531	21.5	17.2	21.3	39.9	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	11,839	0	44.5	43.3	12	0
Median Family Income HUD Adjusted Median Family Income for 1998 Households Below the Poverty Level	= \$38,144 = \$56,800 = 10.9%	Median Housing Value Unemployment Rate				= \$118,389 = 2.6%

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 199X HUD updated MFI.

Established in 1609, Santa Fe, New Mexico, the oldest U.S. capital city, continues its traditional role as a regional center of commerce and government. Its rich multicultural heritage and historical tradition are characterized in its diverse lifestyles, architecture, art, cuisine, and celebrations. Santa Fe provides for many of northern New Mexico's needs, including employment opportunities, economic activities, and special services not available in rural localities.

Numerous very small businesses and a few large employers dominate Santa Fe's economy. Not counting local, state and federal employees, 68 percent of businesses in the Santa Fe MSA had four or fewer employees in 1999. Just less than 3 percent of businesses had over 50 employees. As of first quarter 1995, local, state and federal agencies employed 14415 persons or almost 29% of the "covered" workforce. These numbers illustrate a workforce split between a large number of small companies and a few businesses and government. Traditionally, Santa Fe's economy has been based on trade and government, with a slowly shrinking agricultural component. In the last two decades, the service sector, which includes tourism, has replaced government as the dominant employment sector.

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 in terms 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 had increase 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, did not serve to create the higher paying jobs which might have created a stronger demand for moderately priced homes.

During our evaluation of FNB, we contacted several organizations to determine the needs and opportunities in the assessment areas. The organizations contacted were divisions of the state and city governments, private investment brokerage firms and non-profit community development organizations. The contacts 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 the assessment areas. Based on our contacts and research, we determined the needs to be,

- Affordable Housing in the Low, Moderate and Middle income ranges.
- Community development needs for youth and child-care centers, substance abuse center, improvements to park and recreation services, enhancements to public transportation and establishment of a parking development program and
- Economic development needs for commercial- industrial infrastructure, microbusiness development, and business technical assistance.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the **Abank** 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. 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 7. Borrower Distribution of Home Improvement Loans - See Table 7.

Table 8. Borrower Distribution of Refinance Loans - See Table 7.

Table 9. 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 bank's 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 10. 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 11. 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: 01/01/1998 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)		
Full Scope													
Santa Fe MSA	0.00	421	55,580	181	16,402	0	0	0	0	602	71,982	100.00	

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE																	Evaluation Period: 01/01/1998 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**		
Full Scope																		
Santa FE MSA	0	0	26	31	43	27	32	43	14	1.4	0.0	3.1	0.7	1.4	94	100		

Table 1 * Deposit Data as of June 30, 1999

Table 2 * Based on 1998 Aggregate HMDA Data Only. Market rank is for all income categories combined.

** Home purchase loans within an MSA/JAA 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: 01/01/1998 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**
Full Scope																
Santa FE MSA	0	0	26	23	43	38	32	38	2	11.5	0.0	22.7	10.7	7.9	125	100

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 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**
Full Scope																
Santa Fe MSA	0	0	26	21	43	43	32	36	10	1.8	0.0	2.6	1.4	2.0	201	100

Table 3 * 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 * 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: 01/01/1998 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**																	
Full Scope																																	
Santa Fe MSA	0	0	40	51	33	24	26	24	8	4.9	0.0	7.7	3.9	3.2	181	100																	

Table 6. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HMDA HOME PURCHASE																	Evaluation Period: 01/01/1998 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																	
Full Scope																																	
Santa FE MSA	22	15	17	21	21	10	40	54	14	1.4	1.7	1.4	0.8	2.3	94	100																	

Table 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 * 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 7. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT										Evaluation Period: 01/01/1998 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
Full Scope																
Santa FE MSA	22	22	17	16	21	26	40	34	2	11.5	27.3	10.8	14.4	7.8	125	100

Table 8. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE										Evaluation Period: 01/01/1998 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
Full Scope																
Santa FE MSA	22	10	17	18	21	24	40	48	10	1.8	1.7	1.8	2.0	2.3	201	100

Table 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 * 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 Small Loans to Businesses

Borrower Distribution: SMALL BUSINESS			Evaluation Period: 01/1/1998 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
Full Scope										
Santa Fe MSA	93	79	61	87.3	12.7	9	4.9	6.2	181	100

Table 10. Qualified Investments

QUALIFIED INVESTMENTS		Evaluation Period: 01/01/1998 TO 12/31/1999							
MSA/Assessment Area	Prior Period Investments*		Current Period Investments		Total Investment			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Scope									
Santa FE MSA	0	0	28	29,638	29	29,638	100	0	0

Table 9 * The market consists of all other Small Business reporters in 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.

1*** 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 14% of small loans to businesses reported by the BANK.

Table 10 * "Prior Period Investments" means investments made in a previous evaluation period that remains outstanding as of the examination date.

** "Unfunded Commitments" means legally binding commitments reported on Report of Condition Schedule L-"Off-Balance Sheet Items".

Table 11. Distribution of Branch and ATM Delivery System

DISTRIBUTION OF BRANCH DELIVERY SYSTEM																Evaluation Period: 01/01/1998 TO 12/31/1999			
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																			
Santa FE MSA	0.00	7	100.00	0.00	43.00	29.00	25.00	0	0	0.00	0.00	0.00	0.00	0.00	28.47	43.51	28.03		

Table 11 * The percentage of the population in the MSA/AA that resides in these geographies.

