



PUBLIC DISCLOSURE

November 13, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Los Alamos National Bank
Charter Number 15108

1200 Trinity Drive
Los Alamos, NM 87544-0000

Office of the Comptroller of the Currency

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Denver, CO 80202

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 Los Alamos National Bank with respect to the Lending, Investment and Service Tests:

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

- An overall adequate level of lending, with an adequate level in the Los Alamos and Santa Fe Assessment Areas (AA).
- An adequate distribution of home mortgage loans and a good distribution of loans to small businesses in low- or moderate-income (LMI) geographies in the Santa Fe AA.
- Overall, an adequate distribution of home mortgage and small business loans to LMI borrowers in the Los Alamos and Santa Fe AAs.
- An adequate level of Community Development (CD) lending in the Los Alamos AA and a good level in the Santa Fe AA.
- Branch distribution that is reasonably accessible to individuals in LMI geographies.
- An adequate level of CD services that were responsive to CD needs; and
- A substantial majority of all loans were made in the bank's AAs.

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 metropolitan area (MA)/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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

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

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

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

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

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

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

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

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

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

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

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

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

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

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

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

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

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

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

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 instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and typically are secured

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

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

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

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

Description of Institution

Los Alamos National Bank (LANB or Bank) is a \$1.3 billion intrastate financial institution headquartered in Los Alamos, New Mexico. The bank was established in 1963 by local investors to provide convenient, full-service banking to the unique scientific community that developed around the Los Alamos National Laboratory. LANB is owned by the Trinity Capital Corporation, a \$1.9 billion one-bank holding company located in Los Alamos, New Mexico. The bank currently has no other affiliates.

LANB is a full-service banking institution offering a wide range of loan and deposit products for individuals and businesses. The Bank's primary focus is commercial lending to small- and medium-sized businesses. During part of the CRA evaluation period, the Bank originated home mortgage purchase, improvement and refinance loans. However, in September 2016 the Bank significantly curtailed the volume of home mortgage loans originated and retained in its loan portfolio. Currently, the Bank primarily functions as a mortgage broker, taking and forwarding mortgage loan applications to other mortgage companies. The Bank continues to originate home equity lines of credit and other types of consumer loans.

As of June 30, 2016, LANB reported total assets of \$1.305 billion, total deposits of \$1.265 billion, and tier one capital of \$129 million. The bank's \$750 million loan portfolio consists of 67 percent of commercial and commercial real estate loans, 28 percent of residential real estate loans, three percent of multi-family loans, and two percent consumer loans.

LANB operates six full-service branches and 22 ATMs in its four assessment areas. Two branches are located in the Los Alamos AA; three branches in the Santa Fe AA; and one branch in the Albuquerque AA. The Bank does not operate a full-service branch in the Espanola AA, but the AA includes one deposit taking ATM. During the evaluation period, one branch was moved to a different location within the same CT in the Albuquerque AA. The Bank operates and services 22 ATMs. Nine ATMs are in the Los Alamos AA; ten are in the Santa Fe AA; two in the Espanola AA, and one in the Albuquerque AA. Sixteen of the 22 ATMs accept deposit. LANB closed three ATMs during the evaluation period due to lack of activity or change in security protocols. Two closures were in the Los Alamos AA and one was in the Santa Fe AA.

Other financial institutions provide competition throughout the institution's AAs. In the Los Alamos AA, LANB is one of three lenders and has 89 percent of the market share. Other competitors include FNB Santa Fe and New Mexico Bank and Trust. In the Santa Fe AA, LANB is one of 10 lenders and has a 15 percent market share. Competitors include FNB Santa Fe, Wells Fargo Bank, Bank of America and Century Bank. In the Albuquerque AA, LANB is one of 23 lenders with a market share of 0.06 percent. Leading competitors include Wells Fargo Bank, Bank of America, Bank of Oklahoma, Bank of the West, and US Bank. There are no deposits in the Espanola AA, as there is only a deposit taking ATM and no branch.

The AA delineations meet the legal requirements of the Community Reinvestment Act (CRA) and do not arbitrarily exclude LMI geographies. LANB encountered significant financial and legal impediments that may have affected the bank's ability to help meet the credit needs of its AAs. Specifically, the Bank was under a regulatory Consent Order for the majority of the CRA

evaluation period. The Office of the Comptroller of the Currency rated LANB's CRA performance "Satisfactory" at the Bank's last CRA evaluation dated October 17, 2014.

Scope of the Evaluation

Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, excluding community development (CD) loans is January 1, 2013 to December 31, 2016. Our analysis included residential real estate loans and small loans to businesses. Our analysis did not include multi-family loans and small loans to farms, as the number of reported loans for these product types is insufficient for meaningful analysis in all AAs.

The evaluation period for CD Loans, the Investment Test and Service Test, is January 1, 2014 through November 13, 2017. The Investment Test included a review of investments and donations originated in the Bank's AAs that meet the definitions of CD investments. The Service Test included a review of retail and CD services provided in Bank's AAs that meet the definition of CD Services.

Data Integrity

We verified the accuracy of 2013-2016 Home Mortgage Disclosure Act (HMDA) reportable loans and CRA data of small loans to businesses. The HMDA LAR data was found to be accurate and reliable for years 2013 and 2014. However, an April 2017 data integrity review discovered a high error rate in the 2015 and 2016 CRA data. The Bank was subsequently required to review, correct and refile the data. A July 2017 data integrity follow-up review noted improved data quality, but continuing inaccuracies. The Bank was required to implement further corrections to the data. Upon completion, the HMDA-LAR and CRA data was determined to be sufficiently accurate and reliable to complete this CRA evaluation.

We reviewed available CD loan, investment and service information to determine eligibility and accuracy. Several of the CD loans, investments and services provided did not meet the definition of a qualifying CD activity or were not adequately supported. In addition, several of the CD items were incorrectly classified as CD investments, when they were actually CD loans or services. The remaining qualifying CD loans, investments, and services and were included in this CRA evaluation.

Selection of Areas for Full-Scope Review

LANB has four AAs. The Los Alamos AA consists of the entire county of Los Alamos (Los Alamos MSA). The Santa Fe AA consists of the entire county of Santa Fe (Santa Fe MSA). The Albuquerque AA consists of only one CT in the Albuquerque MSA. The Espanola AA consists of one CT in Rio Arriba County. The Bank's presence in the Espanola AA is limited to one deposit taking ATM and one limited service ATM in a middle-income distressed CT. We performed full-scope reviews of the Los Alamos and Santa Fe AAs, and limited-scope reviews of the Albuquerque and Espanola AAs. See Appendix A for the additional information on the

scope of the evaluation and AAs. See Appendix B for the Los Alamos and Santa Fe AAs market profiles.

Ratings

LANB's overall rating was primarily based upon the institution's performance within the Los Alamos and Santa Fe AAs. We conducted full-scope reviews of the Los Alamos and Santa Fe AAs, because the two AAs accounted for the vast majority of the Bank's deposits and loans. The Los Alamos AA represents 56 percent of the Bank's total deposit base and 40 percent of total reported loans (by number) during the evaluation period. The Santa Fe AA represents 38 percent of the Bank's total deposits base and 58 percent of total reported loans. As a result, the full-scope AAs received equal weighting in the Lending, Investment and Service tests. We performed limited-scope reviews in the Albuquerque and Espanola AAs, as the combined AAs contributed only 6 percent of total deposits and 2 percent of total loans by number. Refer to Appendix A for more information.

Home mortgage loans received the most weight under the Lending Test. Home mortgage loans were a primary business focus during the evaluation period and represent 72 percent of total reported loans by number and 78 percent by dollar volume. Small business lending received the next highest weight, representing 28 percent of total reported loans by number and 21 percent by dollar volume. Multifamily and small farm loans are not primary products for the Bank and the volume of loans is insufficient to provide for a meaningful analysis.

In our analysis of home mortgage lending, the greatest weight was given to home refinance loans. Home refinance loans represent 56 percent of the Bank's total home mortgage lending by number. The next highest weight was placed on home purchase loans, followed by home improvement loans, which are 40 percent and four percent of total home mortgage lending by number, respectively.

Los Alamos AA

Home mortgage loans received the most weight under the Lending Test, as it is the primary business focus in the AA, representing 89 percent by number and 88 percent by dollar volume of total reported loans. Small business lending received the next highest weight at 11 percent by number and 11 percent by dollar volume of total reported loans.

In our analysis of home mortgage lending, home refinance loans received the most weight. Home refinance loans accounted for 50 percent of the Bank's total home mortgage lending by number. The next highest weight was placed on home purchase loans, followed by home improvement loans, which are 46 percent and four percent of total home mortgage lending by number, respectively.

To identify community credit needs, we contacted a local government organization that focuses on community housing needs. The organization works to establish housing for low- and moderate-income families. The contact indicated Los Alamos County was experiencing an acute housing shortage. Opportunities to develop new housing is limited due to Los Alamos' unique topography and a high volume of retirees from the laboratories electing to remain in the County.

Santa Fe AA

Home mortgage loans received the most weight under the Lending Test. Home mortgage loans represent 62 percent of total reported loans by number and 74 percent by dollar volume within the Santa Fe AA. Small business lending received the next highest weight, representing 38 percent of total reported loans by number and 25 percent by dollar volume. The Bank made less than ten multifamily and small farm loans in the Santa Fe AA, therefore an analysis of multifamily and small farm loans is not meaningful.

In our analysis of home mortgage lending, home refinance loans received the most weight. Home refinance loans represent 60 percent of the Bank's total home mortgage lending by number. The next highest weight was placed on home purchase loans at 34 percent of total loans by number, followed by home improvement loans at five percent.

To identify community credit needs, we contacted a local Community Development Financial Institution that provides various services to help ensure low- and moderate-income families obtain affordable housing. The contact stated that the economy in Santa Fe remains stagnant, similar to the entire state of New Mexico. The contact further indicated that Santa Fe and the entire State suffers from a lack of access to capital. Only the largest banks are providing community development tools such as New Market and Low-Income Housing Tax Credits.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development and the Consumer Financial Protection Bureau, as applicable.

The OCC identified no discriminatory or other illegal credit practices by LANB that require consideration in this evaluation.

The OCC will consider any information that LANB engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

LANB's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the Bank's performance in the Los Alamos and Santa Fe AAs demonstrate adequate performance.

Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the Bank's lending activity. For purposes of this review, we used FDIC deposit information as of June 30, 2016.

Based on full-scope reviews, LANB's performance is adequate.

Los Alamos AA

LANB's lending activity in the Los Alamos AA is excellent. As of June 30, 2016, the Bank ranks first in deposit market share at 89.21 percent among 3 depository institutions.

Based on 2016 peer data, the Bank ranks second (by number) for home purchase loans at 15.63 percent market-share out of 55 lenders in the AA. The Bank ranks first (by number) for home improvement loans at 31.25 percent market-share out of eight lenders. The Bank ranks first (by number) out of 61 lenders for home refinance loans with a 19.51 percent market-share. Competition is strong for home purchase and home refinance loans in the AA.

For small loans to businesses, the Bank ranks third (by number) with a 11.54 percent market share. The top two lenders are major nationwide banks, with a combined market share of 46 percent.

Santa Fe AA

LANB's lending activity in the Santa Fe AA is good. As of June 30, 2016, the Bank ranks fourth in deposit market share at 14.81 percent among 10 depository institutions.

Based on 2016 peer data, the Bank ranks 25th (by number) for home purchase loans at 1.15 percent out of 184 lenders. The Bank ranks sixth (by number) for home improvement loans at 4.37 out of 52 lenders in the AA. The Bank ranks ninth (by number) out of 192 lenders for home refinance loans at 2.40 percent. Competition is strong for home purchase and home refinance loans in the AA.

For small loans to businesses, the Bank ranks ninth with 4.03 percent of the lending market. The top five lenders are major nationwide banks, with a combined market share of 67.86 percent.

Distribution of Loans by Income Level of the Geography

The overall distribution of home mortgage loans in LMI CTs is adequate. Distribution of small loans to businesses in LMI CTs is good. This conclusion is based entirely upon the Bank's lending performance in the Santa Fe AA, since there are no low- or moderate-income CTs in the Los Alamos AA.

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 overall geographic distribution of home mortgage loans is adequate.

Santa Fe AA

The overall geographic distribution of home mortgage loans in the Santa Fe AA is adequate.

The overall geographic distribution of home purchase loans is adequate. The percentage of loans in low-income geographies is good and approximates the percentage of owner-occupied units in the AA. The percentage of home purchase loans in moderate-income geographies is poor and well below the percentage of owner-occupied units in the AA. While the Bank's market share in the moderate-income tracts is poor and well below overall market share, the Bank's market share in the low-income tracts exceeds overall market share.

The overall geographic distribution of home improvement loans is adequate. The percentage of loans in low-income geographies is adequate, but below the percentage of owner-occupied units in these geographies. The percentage of loans in moderate-income geographies is poor and well below the percentage of owner-occupied units in the AA. However, LANB's market share of home improvement loans in the Santa Fe AA for LMI geographies is insufficient for a meaningful analysis.

The overall geographic distribution of home refinance loans is adequate. The percentage of loans in low-income geographies is poor and well below the owner-occupied units in these geographies. The moderate-income geographies is poor and well below the percentage of owner-occupied units in these geographies. However, LANB's market share in the LMI geographies is excellent and exceeds the Bank's overall market share.

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 overall geographic distribution of small loans to businesses is good.

Santa Fe AA

LANB's geographic distribution of small loans to businesses in the Santa Fe AA is good. The percentage of loans in low-income geographies is excellent and exceeds the percentage of businesses in these geographies. The percentage of loans in moderate-income geographies is

poor and well below the percentage of businesses in these areas. While the Bank's market share in the moderate-income tracts is poor and well below overall market share, the Bank's market share in the low-income tracts is excellent and exceeds overall market share.

Lending Gap Analysis

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

Inside/Outside Ratio

LANB made a substantial majority of all loan products inside its AAs (76.78 percent) during the evaluation period. The percentage in number of loans made inside the AAs by loan type are as follows: home purchase (81.08 percent), home improvement (73.12 percent), home refinance (78.28 percent) and small loans to businesses (71.16 percent). The ratios are a bank-wide calculation and are not calculated by individual AAs. The analysis is limited to the Bank's loan originations and purchases and does not include any affiliate data.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of LANB's lending is adequate. The borrower distribution for home mortgage loans and small business loans is adequate. The percentage of households below poverty level is 3 percent in the Los Alamos AA and 13 percent in the Santa Fe AA based on 2010 census data. Los Alamos County has a very low poverty level and high average household income. The Los Alamos AA contains no low- or moderate-income CTs. The Santa Fe AA reflects a higher than average cost of living and a median housing value of \$337,063, which combined with an economy reliant on low-skill personal services and low-median wages makes housing unaffordable for many LMI individuals. This information is considered in the analysis. See the Los Alamos and Santa Fe Community profiles in appendix B.

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 borrower distribution of home mortgage loans is adequate.

Los Alamos AA

The overall borrower distribution of home mortgage loans in the Los Alamos AA is good.

The overall borrower distribution of home purchase loans in the Los Alamos AA is adequate. The percentage of loans to low-income borrowers is poor and well below demographics. However, the percentage of loans to moderate-income borrowers is excellent and exceeds demographics. The Bank has no market share in the Los Alamos AA for low-income

geographies, so an analysis is not meaningful. The market share of loans to moderate-income borrowers is excellent and exceeds the overall market share.

The Bank did not make any home improvement loans to low- and moderate-income borrowers. There are no LMI CTs in the Los Alamos AA. The Bank has no market share in the Los Alamos AA for LMI geographies, so an analysis is not meaningful.

The overall borrower distribution of home refinance loans is good. The percentage of loans to low-income borrowers is poor and well below demographics. The percentage of loans to moderate-income borrowers is excellent and exceeds demographics. The market share of loans to low- and moderate-income borrowers is excellent and exceeds overall market share.

Santa Fe AA

The overall borrower distribution of home mortgage loans in the Santa Fe AA is adequate.

The overall borrower distribution of home purchase loans is poor. The percentage of loans to low-income borrowers is very poor and significantly below demographics. The percentage of loans to moderate-income borrowers is poor and well below demographics. However, the Bank has no market share in the Santa Fe AA for LMI individuals, so an analysis is not meaningful.

The overall borrower distribution of home improvement loans is adequate. The Bank's percentage of loans to low-income borrowers is very poor and significantly below demographics. The percentage of loans to moderate-income borrowers is excellent and exceeds demographics. While the Bank has no market share in the low-income tracts and an analysis is not meaningful, the Bank's market share in the moderate-income tracts is excellent and exceeds overall market share.

The overall borrower distribution of home refinance loans is adequate. The percentage of loans to low-income borrowers is poor and well below demographics. The percentage of loans to moderate-income borrowers is adequate, but below demographics. The Bank's market share in LMI geographies is excellent and exceeds the 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 LANB's origination and purchase of small loans to businesses.

The overall borrower distribution of small loans to businesses is adequate.

Los Alamos AA

The overall distribution of small loans to businesses is adequate. The percentage of small loans to businesses with gross annual revenue of \$1 million or less is poor and well below demographics. However, the Bank made 74 percent of business loans to borrowers regardless of business size in the amount of \$250 thousand or less. The market share of these loans is excellent and exceeds the overall market share.

Santa Fe AA

The overall distribution of small loans to businesses is adequate. The percentage of small loans to businesses with gross annual revenue of \$1 million or less is poor and well below demographics. However, the Bank made 87 percent of loans to borrowers regardless of business size in amounts of \$250 thousand or less. The market share of these loans is excellent and exceeds the overall market share.

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. The table includes all CD loans, including multifamily loans that qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Overall, CD lending is adequate. The Bank's level of community development lending had a neutral impact on its lending performance in the AAs. The level of CD loans in the Los Alamos AA represents 2.7 percent of allocated tier one capital. The level of CD loans in the Santa Fe AA represents 7.2 percent of allocated tier one capital. The Bank originated a total of \$32.7 million in CD loans to organizations outside the institution's full-scope AAs that provide CD benefits to LMI individuals and geographies within the State of New Mexico.

Los Alamos AA

LANB's level of CD lending had a neutral impact on the overall lending performance in the Los Alamos AA. During the evaluation period, the Bank originated one loan totaling \$1.9 million. The loan financed the purchase and tenant improvements of a hotel property under the Small Business Administration (SBA) 504 loan program, which promotes economic development, job creation and job retention.

The AA is comprised entirely of upper income CTs and individuals, as a result, CD lending opportunities are limited.

Santa Fe AA

CD lending had a neutral impact on lending performance in the Santa Fe AA. The Bank made two loans totaling \$3.5 million. One loan, for \$1.2 million, financed the building and equipment for a business in a low-income census tract to promote economic development through permanent job creation. The other loan, for \$2.3 million, was advanced to refinance the mortgage for a charter school in which more than half of the students qualify for the free or reduced lunch program.

Product Innovation and Flexibility

LANB offers a traditional mix of lending products in the Los Alamos and Santa Fe AAs. We did not consider any Bank products or services innovative. Impact on the Lending Test rating is neutral.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, LANB's performance under the Lending Test in the Albuquerque and Espanola AAs is weaker than the Bank's overall "Low Satisfactory" performance. Lending opportunities for both AAs are limited. The Albuquerque AA consists of only one CT that is located in a commercial area, and the Espanola AA includes only one CT located in a bedroom community. The Bank conducted no CD lending in either limited-scope AA during the evaluation period. Performance in limited-scope AAs did not impact the overall conclusions.

Refer to the Tables 1-12 in appendix C for the facts and data that support these conclusions.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

LANB's performance under the Investment Test is rated "Needs to Improve". Based on full-scope reviews, the Bank's performance in the Santa Fe and Los Alamos AAs is poor. During the evaluation period, the Bank invested \$197 thousand in its AAs, representing 0.15 percent of tier one capital. The Bank made seven qualified Mortgage Back Securities (MBS) investments totaling \$10 million in the broader statewide area that did not directly benefit the Bank's AAs. However, the MBSs support affordable housing, as all underlying loans were made to low- to moderate-income individuals in the Albuquerque MSA. The Albuquerque AA includes only one CT within the Albuquerque MSA. Management plans to expand the Albuquerque AA to include the entire Albuquerque MSA in the near future.

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

Los Alamos AA

LANB has a poor level of qualified CD investments in the Los Alamos AA. During the evaluation period, the Bank made two qualified donations totaling \$66,305 and representing 0.09 percent of allocated tier one capital. One donation was made to an organization that provides access to childcare for working LMI individuals. The donation was given to an organization that provides various services to LMI individuals. While none of the donations is considered innovative or complex, the donations are responsive to identified community development needs. The AA is comprised entirely of upper income CTs, as a result, CD investment opportunities are limited.

Santa Fe AA

LANB's has a very poor level of qualified CD investments within the Santa Fe AA. During the evaluation period, the Bank made 11 donations in the AA totaling \$111,250 and representing 0.23 percent of allocated tier one capital. The donations were provided to organizations and projects that support affordable housing, education, children and homeless that benefit LMI families and individuals. While none of the investments are considered innovative or complex, the donations are responsive to identified community development needs.

Conclusions for Area Receiving Limited-Scope Reviews

Based on limited-scope reviews, LANB's performance under the Investment Test in the Albuquerque and Espanola AAs is weaker than the Bank's overall "Needs to Improve" performance under the Investment Test. Investments were nominal in the Albuquerque AA and there were no investments made in the Espanola AA. Investment opportunities for both AAs are limited since the Albuquerque AA consists of one CT in a commercial area and the Espanola AA contains only one CT in a bedroom community. The limited scope reviews had a neutral impact on the Bank's overall performance under the Investment Test.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

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

Retail Banking Services

LANB's branch distribution is reasonably accessible to geographies and individuals of different income levels throughout the full-scope AAs. The Bank operates six branches and 22 ATMs in the State of New Mexico. Three branches are located in the city of Santa Fe and one branch is located in Los Alamos, Albuquerque and White Rock, respectively. 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.

Los Alamos AA

LANB operates two branches in the Los Alamos AA. One branch is located in Los Alamos and the other branch is in White Rock, which is also part of the County of Los Alamos. The Los Alamos AA is comprised entirely of upper-income census tracts. There are no low-, moderate- or middle-income geographies in the AA. The Bank operates nine ATMs in the AA, six ATMs are located in Los Alamos and three ATMs are located in White Rock.

Santa Fe AA

LANB operates three branches in the Santa Fe AA. The branches are located in moderate-, middle and upper-income level census tracts. The Santa Fe AA population is nearly equally distributed between these three income levels. The Santa Fe AA population distribution for moderate-, middle and upper income census tracts is 24 percent, 35 percent, and 35 percent, respectively. Only six percent of the population resides in low-income census tracts. The Bank operates 10 ATMs in the Santa Fe AA. Three ATMs are located in moderate-income census tracts.

The Bank's openings and closings have not adversely affected banking accessibility to LMI individuals. During this review period, the Albuquerque branch was relocated. However, the branch remained within the same census tract it originally served. The new location now includes a drive-through. No ATMs were opened, but two ATMs were closed in Los Alamos due to lack of activity and changes in security protocols. Both of the ATMs were located in

upper-income census tracts. One ATM was closed in Santa Fe due to lack of activity. The Santa Fe ATM was located in a middle-income census tract.

The Bank's hours are tailored to meet the needs of the community. The Bank's office and drive-thru hours do not vary from location to location. Hours of operation change based on the day of the week and remain constant throughout the branches, with the exception of the Downtown Santa Fe lobby branch. The branch is in an upper-income CT and is closed on Saturday.

The Bank provides other alternative delivery services such as mobile banking, e-banking, 24-hour phone banking, notary services, bank by mail service, and mobile check deposit. The Bank also offers government check cashing. The Bank did not collect information to determine how these services impacted low to moderate-income individuals. Therefore, these services did not impact the Service Test rating for the full scope AAs.

Community Development Services

Los Alamos AA

LANB provided a poor level of CD services in the Los Alamos AA, with 88 hours to two different organizations by three bank employees. One organization provides volunteers to complete modest home repairs for LMI individuals and the other provides art and healthy lifestyle programs to LMI children.

Santa Fe AA

LANB provided an adequate level of CD services in the Santa Fe AA with 236 hours to five different organizations by six employees. Two of the organizations provide statewide services, including the Banks AAs. One organization provides children services to low to moderate-income individuals and families.

Statewide

The bank provided additional services on a statewide basis that benefitted the full-scope AAs. Those services included 188 hours to two organizations by two employees. One organization provides basic services to LMI families and individuals, and the other organization focuses on providing services to LMI children.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, LANB's performance under the Service Test in the Albuquerque AA is not inconsistent with the Bank's overall "Low Satisfactory" performance under the Service Test. In the Espanola AA, the Bank's performance is weaker than the Bank's overall performance. The Espanola AA consists of only one CT (distressed middle-income) and is characterized as a bedroom community. As a result, service opportunities are limited within the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities 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 (excludes CD Loans): (01/01/13 to 12/31/16) Investment and Service Tests and CD Loans: (01/01/14 to 11/13/17)	
Financial Institution	Products Reviewed	
Los Alamos National Bank (LANB) Los Alamos, New Mexico	Home Mortgage and Small Business Lending	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	None	None
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Los Alamos MSA Santa Fe MSA Albuquerque AA Espanola AA	Full-Scope Full-Scope Limited-Scope Limited-Scope	Los Alamos County Santa Fe County CT 37.36 in Bernalillo County CT 3.00 in Rio Arriba County

Appendix B: Community Profiles for Full-Scope Areas

Los Alamos AA

DEMOGRAPHIC INFORMATION FOR FULL SCOPE AREA: LOS ALAMOS AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	4	0.00	0.00	0.00	100.00	0.00
Population by Geography	17,950	0.00	0.00	0.00	100.00	0.00
Owner-Occupied Housing by Geography	5,840	0.00	0.00	0.00	100.00	0.00
Business by Geography	1,285	0.00	0.00	0.00	100.00	0.00
Farms by Geography	30	0.00	0.00	0.00	100.00	0.00
Family Distribution by Income Level	5,248	1.98	2.52	8.56	86.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	236	0.00	0.00	0.00	100.00	0.00
Median Family Income		46,354	Median Housing Value		289,240	
FFIEC Adjusted Median Family Income for 2016		50,700	Unemployment Rate (2010 US Census)		1.29%	
Households Below Poverty Level		3%				

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

LANB has two branches in Los Alamos County. The main branch is located in the center of Los Alamos. The second branch is located in White Rock, a bedroom community located approximately nine miles from the Bank's main branch. The Bank operates nine ATMs in the AA; six are located in Los Alamos and three in White Rock. The Los Alamos AA comprises the entire MSA, and includes all four CTs in Los Alamos County. All of the CTs are upper-income. The estimated population of the AA is 17,950, with the median age being 44 years old.

Los Alamos National Laboratory has long been a foundation of the local economy. The city of Los Alamos was created in 1943 as the site for the Manhattan Project, which then evolved into the Los Alamos National Laboratory. The laboratory's budget is over \$2.2 billion annually. About 72 percent of the laboratory workers have bachelor's degrees, 19 percent hold graduate degrees, and 22 percent have doctoral degrees. Per the 2015 U.S. Census Bureau, the median household income in Los Alamos County totaled \$107,126. Per the New Mexico Department of Workforce Solutions, the annual average unemployment rate for 2016 totaled 4.2 percent, lower than the national and state averages of 4.9 and 6.7 percent, respectively.

Los Alamos County's current Economic Vitality Strategic Plan (2010) denotes four economic goals: support and retain Los Alamos National Laboratory, diversify the economic base, increase quality of life opportunities, and increase the availability of housing in the County, both affordable and market rate. The plan notes major employers in the County include the Los Alamos National Laboratory with 14,300 employees, Los Alamos County with 700 employees, Los Alamos Public Schools with 675 employees, and Los Alamos Medical Center with 270 employees.

The current housing demand in the County is extremely high, with available inventory at an all-time low. Per the Los Alamos community contact, a housing manager for his organization, market rates for single-family housing ranges from \$300,000 to \$500,000. Housing products needed include rental unit apartments, multi-family townhouses and condominiums, senior housing for purchase, and single-family housing. The County has a down payment assistance program for qualified borrowers. Clients must complete a homebuyer education program to qualify. The County is also involved in creating market rate housing and a new project for 155 single-family homes that will use low-income housing tax credits. The community contact stated that local banks appear to be meeting affordable housing credit needs in the community.

As of June 30, 2016, the Bank had \$707 million in deposits in the Los Alamos AA, representing 56 percent of the Bank's total deposits. About 40 percent of the Bank's loans were originated within the AA. The AA includes four other banks and two credit unions. The Bank's competitors include; Community Bank, New Mexico Bank & Trust, First National Bank of Santa Fe, Wells Fargo Bank, Del Norte Credit Union, and ZIA Credit Union. LANB has roughly an 89 percent market share (ranked first among competitors) in the Los Alamos AA in terms of deposit penetration.

Santa Fe MSA

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)	50	4.00	20.00	38.00	36.00	2.00
Population by Geography	144,170	5.94	23.86	35.11	34.44	0.64
Owner-Occupied Housing by Geography	42,824	3.42	20.89	34.30	41.40	0.00
Businesses by Geography	13,945	9.49	11.15	42.42	36.88	0.06
Farms by Geography	348	5.46	13.22	35.63	45.69	0.00
Family Distribution by Income Level	35,757	23.60	16.10	18.88	41.42	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	14,194	9.86	34.44	34.35	21.15	0.20
Median Family Income	\$64,041					
HUD Adjusted Median Family Income for 2016	\$64,600		Median Housing Value			\$337,063
Households Below the Poverty Level	13%		Unemployment Rate (2010 US Census)			3.56%

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 FFIEC updated MFI.

The Santa Fe AA consists of 50 CTs in Santa Fe County (SFC), the only county in the Santa Fe MSA. The AA comprises all of the Santa Fe MSA. Per the 2010 US Census, the AA consists of two low-income, ten moderate-income, 19 middle-income, 18 upper-income tracts and one tract with no income designation. The census data revealed that 30 percent of the population in SFC lives in low- to moderate-income tracts. The Bank operates three offices in this assessment area, which are located one each in a moderate-, middle- and upper-income CT. The Bank has ten ATMs in the Santa Fe AA, including three in moderate-income CTs, four in middle-income CTs, and three in upper-income CTs.

Major employers in the Santa Fe AA include the State of New Mexico, Santa Fe Public Schools, Christus St. Vincent Hospital, City of Santa Fe, Peters Corporation, Santa Fe Community College, Buffalo Thunder Resort and Spa, and Santa Fe Opera. The New Mexico Department of Workforce Solutions reported the annual average unemployment rate in the Santa Fe AA of 5.4 percent, lower than the state average of 6.7 percent, but above the national average of 4.9 percent.

As of June 30, 2016, LANB had \$482 million in deposits in the Santa Fe AA, approximating a 15 percent market share. During the evaluation period of January 1, 2013 to December 31, 2016, the Bank originated or purchased 1,284 loans totaling \$234 million within the Santa Fe AA. The AA contains ten FDIC insured financial institutions with 37 offices. Per the FDIC's Deposit Market Share report, LANB's main competitors include The First National Bank of Santa Fe, Wells Fargo Bank, Sunflower Bank, and Bank of America, with a combined market share of 60 percent.

The July 2014 Economic Development Plan for Santa Fe County includes goals to increase affordable housing in SFC. However, SFC Affordable Housing funds are expected to be exhausted in approximately three to four years without additional capitalization. The plan states that providing additional funds to build and rehabilitate existing housing will drive an economic boost in gross receipt taxes and goods and services associated with new housing, create immediate jobs for construction workers, help sustain or create homeownership opportunities for SFC's workforce and provide.

We contacted an individual that works for a local CDFI and Neighborworks member organization. The organization supports building affordable housing for LMI individuals. The mission of the organization is to help create successful homeowners and contribute to the improved financial wellbeing and vitality of their clients. The contact stated that the economy in Santa Fe is stagnant, as is the economy of the entire State of New Mexico. The contact indicated that New Mexico has one of the highest unemployment rates compared to other states located in the southwestern United States. He stated that the AA suffers from the lack of access to capital. The contact stated that LANB has an interest in new projects and a willingness to lend and invest with the CDFI.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “Bank” include activities of any affiliates that the Bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the Bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

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

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the Bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the Bank’s assessment area may receive positive CRA consideration. See Interagency Q&As for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- 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 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

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

Table 1. Lending Volume

LENDING VOLUME		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016		Total Reported Loans		% of Rated Area Deposits in MA/AA***				
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**				
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)			
Full Review:												
Los Alamos MSA	39.91	791	161,006	96	20,241	0	0	1	1,941	888	183,188	55.94
Santa Fe MSA	57.80	795	174,922	488	58,635	1	100	2	3,503	1,286	237,160	38.11
Limited Review:												
Albuquerque AA	0.81	0	0	18	8,666	0	0	0	0	18	8,666	5.95
Espanola AA	1.48	23	3,005	10	2,299	0	0	0	0	33	5,340	0.00
Statewide:												
Statewide; Not in AAs	0	0	0	0	0	0	0	7	32,733	7	32,733	0

* Loan Data as of December 31, 2016. Rated area refers to either the state or multi-state MA rating area.
 ** The evaluation period for Community Development Loans is January 01, 2014 to November 13, 2017.
 *** Deposit Data as of June 30, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.
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Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016									
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***	Overall	Low	Mod	Mid	Upp
Full Review:														
Los Alamos MSA	367	57.08	0.00	0.00	0.00	0.00	0.00	0.00	100.00	15.63	0.00	0.00	0.00	15.63
Santa Fe MSA	274	42.61	3.42	3.28	20.89	7.30	34.30	28.10	41.40	1.15	1.72	0.48	1.35	1.13
Limited Review:														
Albuquerque AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	2	0.31	0.00	0.00	0.00	0.00	100.00	100.00	0.00	4.00	0.00	0.00	4.00	0.00

* Based on 2016] Peer Mortgage Data: US and PR.

** 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 2010 Census information.

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

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016												
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***	% Owner Occ Units***	% Owner Occ Units***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	Overall	Low	Mod	Mid	Upp	
Full Review:																
Los Alamos MSA	28	41.18	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	31.25	0.00	0.00	0.00	0.00	31.25
Santa Fe MSA	37	54.41	3.42	2.70	20.89	8.11	34.30	48.65	41.40	40.54	4.37	0.00	0.00	7.89	3.16	
Limited Review:																
Albuquerque AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	3	4.41	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	20.00	0.00	0.00	20.00	0.00	0.00

* Based on 2016 Peer Mortgage Data: US and PR.

** 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 2010 Census information.

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

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

MA/Assessment Area:		HOME MORTGAGE REFINANCE				NEW MEXICO				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016					
		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***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos MSA	395	44.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	19.51	0.00	0.00	0.00	19.51
Santa Fe MSA	480	53.75	3.42	1.46	20.89	13.54	34.30	38.13	41.40	46.88	2.40	7.55	3.19	3.10	1.40
Limited Review:															
Albuquerque AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	18	2.02	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	6.90	0.00	0.00	6.90	0.00

* Based on 2016 Peer Mortgage Data: US and PR.

** Home mortgage refinance loans originated and purchased in the MSA/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 2010 Census information.

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

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY		Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2013 to DECEMBER 31, 2016									
MA/Assessment Area:	Total Multifamily Loans #	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
		% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	Overall	Low	Mod	Mid	Upp	
Full Review:															
Los Alamos MSA	1	20.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	100.00	33.33	0.00	0.00	0.00	33.33
Santa Fe MSA	4	80.00	17.98	0.00	23.68	25.00	48.09	50.00	10.25	25.00	11.11	0.00	0.00	20.0	0.00
Limited Review:															
Albuquerque AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2016 Peer Mortgage Data: US and PR.
 ** Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.
 *** Percent of Multifamily Units is the number of multifamily units in a particular geography divided by number of multifamily housing units in the area based on 2010 Census information.
 ****Multifamily loan distribution includes Home Purchase, Home Improvement, and Refinances.

Table 6. Geographic Distribution of Small Loans to Businesses

MA/Assessment Area:		Geographic Distribution: SMALL LOANS TO BUSINESSES				Geography: NEW MEXICO				Evaluation Period: JANUARY 1, 2013 to DECEMBER 31, 2016				
		Total Small Business Loans	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Market Share (%) by Geography*							
#	% of Total**	% of Businesses ...	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:														
Los Alamos MSA	96	15.69	0.00	0.00	0.00	0.00	0.00	100.00	100.00	11.54	0.00	0.00	0.00	11.60
Santa Fe MSA	488	79.74	9.49	14.34	11.15	7.99	45.70	36.88	31.97	4.03	7.12	2.75	4.92	3.09
Limited Review:														
Albuquerque AA	18	2.94	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.35	0.50	0.49	0.21	0.37
Espanola AA	10	1.63	0.00	0.00	0.00	0.00	100.00	0.00	0.00	2.90	0.00	0.00	3.98	0.00

* Based on 2015 Peer Small Business Data: US and PR.

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

*** Source Data - Dun and Bradstreet (2016).

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS		Geography: NEW MEXICO			Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016			Market Share (%) by Geography*			
MA/Assessment Area:	Total Small Farm Loans #	% of Total**	Low-Income Geographies	Moderate-Income Geographies	Middle-Income Geographies	Upper-Income Geographies	Overall	Low	Mod	Mid	Upp
			% of Farms***	% of Farms***	% of Farms***	% of Farms***					
Full Review:											
Los Alamos MSA	0	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00
Santa Fe MSA	1	100.00	5.46	13.22	35.63	45.69	0.00	0.00	0.00	0.00	0.00
Limited Review:											
Albuquerque AA	0	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	0	0.00	0.00	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2015 Peer Small Business Data: US and 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 (2016).

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016												
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****	Overall	Low	Mod	Mid	Upp	
Full Review:																
Los Alamos MSA	367	57.08	1.98	0.56	2.52	3.06	8.56	7.80	86.95	88.58	16.07	0.00	25.00	12.90	16.25	
Santa Fe MSA	274	42.61	23.60	1.87	16.10	10.11	18.88	16.10	41.42	71.91	1.15	0.00	0.35	0.49	1.77	
Limited Review:																
Albuquerque AA	0	0.00	41.79	0.00	20.58	0.00	15.59	0.00	22.04	0.00	0.00	0.00	0.00	0.00	0.00	
Espanola AA	2	0.31	21.32	0.00	22.60	0.00	15.30	50.00	40.78	50.00	4.00	0.00	0.00	0.00	7.14	

* Based on 2016 Peer Mortgage Data: US and PR.

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

*** Percentage of Families is based on the 2010 Census information.

**** As a percentage of loans with borrower income information available. No information was available for 2.3 percent of loans originated and purchased by Bank.

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

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016											
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****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos MSA	28	41.18	1.98	0.00	2.52	0.00	8.56	7.69	86.95	92.31	31.25	0.00	0.00	0.00	35.71
Santa Fe MSA	37	54.41	23.60	0.00	16.10	18.75	18.88	25.00	41.42	56.25	4.48	0.00	7.14	5.41	3.94
Limited Review:															
Albuquerque AA	0	0.00	41.79	0.00	20.58	0.00	15.59	0.00	22.04	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	3	4.41	21.32	0.00	22.60	0.00	15.30	0.00	40.78	100.00	25.00	0.00	0.00	0.00	40.00

* Based on 2016 Peer Mortgage Data: US and PR.
 ** Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.
 *** Percentage of Families is based on the 2010 Census information.
 **** As a percentage of loans with borrower income information available. No information was available for 10.3 percent of loans originated and purchased by Bank.
 *Data shown includes only One to Four-family and manufactured housing. (Property type 1 or 2).

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016											
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****	Overall	Low	Mod	Mid	Upp
Full Review:															
Los Alamos MSA	395	44.23	1.98	1.30	2.52	3.11	8.56	5.96	86.95	89.64	22.10	33.33	33.33	28.57	20.89
Santa Fe MSA	480	53.75	23.60	4.47	16.10	11.91	18.88	23.19	41.42	60.43	3.01	5.26	3.66	3.08	2.46
Limited Review:															
Albuquerque AA	0	0.00	41.79	0.00	20.58	0.00	15.59	0.00	22.04	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	18	2.02	21.32	5.88	22.60	5.88	15.30	29.41	40.78	58.82	8.70	50.00	0.00	0.00	7.14

* Based on 2016 Peer Mortgage Data: US and PR.
 ** 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 Families is based on the 2010 Census information.
 **** As a percentage of loans with borrower income information available. No information was available for 2.2 percent of loans originated and purchased by bank.
 *Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2).

Table 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016		Market Share*					
MA/Assessment Area:	#	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size					
		% of Total**	% of Businesses ...	% BANK Loans***	% of Businesses ...	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less	
Full Review:											
Los Alamos MSA	96	15.69	85.37	54.17	56.25	17.71	26.04	11.54	18.48		
Santa Fe MSA	488	79.74	86.32	58.20	68.85	18.44	12.70	4.03	4.68		
Limited Review:											
Albuquerque AA	18	2.94	58.98	22.22	16.67	11.11	72.22	0.35	0.37		
Espanola AA	10	1.63	70.71	20.00	20.00	50.00	30.00	2.90	4.85		

* Based on 2016 Peer Small Business Data: US and PR.

** Small loans to businesses originated and purchased in the MAVAA 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 - 2016).

**** 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 12.25 percent of small loans to businesses originated and purchased by the Bank.

Table 12. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: NEW MEXICO		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2016					
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 \$500,000	All	Rev \$1 Million or Less
Full Review:									
Los Alamos MSA	0	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
Santa Fe MSA	1	100.00	98.28	0.00	100.00	0.00	0.00	0.00	0.00
Limited Review:									
Albuquerque AA	0	0.00	73.33	0.00	0.00	0.00	0.00	0.00	0.00
Espanola AA	0	0.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00

* Based on 2016 Peer Small Business Data: US and 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 - 2016).

**** 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 100 percent of small loans to farms originated and purchased by Bank.

Table 14. Qualified Investments

Qualified Investments		Geography: New Mexico		Evaluation Period: January 1, 2014 To November 13, 2017					
Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Los Alamos MSA	0	0	2	66	2	66	0.63	0	0
Santa Fe MSA	0	0	11	111	11	111	1.05	0	0
Limited Review:									
Albuquerque AA	0	0	3	20	3	20	0.19	0	0
Espanola AA	0	0	0	0	0	0	0	0	0
Statewide:									
Statewide Investment: With No Benefit to AAs	0	0	7	10,360	7	10,360	98.13	0	0

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

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

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

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					
					L	Mod	Upp			L	Mod	Upp	Low	Mid	Upp			
Full Review:																		
Los Alamos	55.94	2	33.33	0	0	0	100	0	0	0	0	0	0	0	0	0	0	100
Santa Fe	38.11	3	50.00	0	33.3	33.3	33.3	0	0	0	0	0	0	5.94	23.86	35.11	34.44	
Limited Review:																		
Albuquerque	5.95	1	16.67	0	100	0	0	1	0	0	0	0	0	0	100	0	0	0
Espanola	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	100	0	0