



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **Public Disclosure**

October 15, 2001

# **Community Reinvestment Act Performance Evaluation**

**Bank of Albuquerque, N.A.  
Charter Number: 23742**

**201 3<sup>rd</sup> Street NW; Suite 1400  
Albuquerque, NM 87102**

**Office of the Comptroller of the Currency**

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

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## Overall CRA Rating

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

The following table indicates the performance level of **Bank of Albuquerque, N.A. (BAQ)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Bank of Albuquerque Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Lending levels reflect a good responsiveness by BAQ to the credit needs of the assessment areas (AAs).
- BAQ’s distribution of loans among geographies is adequate and the distribution to borrowers of different income levels is good throughout its AAs.
- Community development lending has a positive effect on the overall lending test rating.
- Investments reflect a good responsiveness by BAQ to the needs of its AAs considering available opportunities.
- Accessibility of BAQ’s offices to geographies and individuals of different income levels and the responsiveness of BAQ’s services to the needs of its AAs are good.
- BAQ maintains good performance in providing community development services.

## 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 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.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. 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 U.S. 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 loan, 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 percent of the median family income.

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

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. 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 percent and less than 120 percent of the MFI.

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

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

**Small Loans to Farms** - Loans with original amounts of \$500,000 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 non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

## Description of Institution

Bank of Albuquerque, N.A. (BAQ) commenced business on December 5, 1998 after Bank of Oklahoma Financial Corporation (BOKF) purchased \$466 million in deposits and \$144 million in loans from Bank of America. BAQ is a wholly owned subsidiary of BOKF, a multi-bank holding company headquartered in Tulsa, Oklahoma. BOKF also owns banks in Oklahoma (Bank of Oklahoma, N.A.), Texas (Bank of Texas, N.A.) and Arkansas (Bank of Arkansas, N.A.). Mortgage loans for all affiliated banks are primarily originated through the Mortgage Division of Bank of Oklahoma, N.A. (BOK).

BAQ is an intrastate bank with two assessment areas (AAs) in New Mexico. The AAs are the Albuquerque and Santa Fe metropolitan statistical areas (MSAs). These areas consist of whole geographies, do not reflect illegal discrimination, do not arbitrarily exclude low- or moderate-income geographies and meet the overall requirements of the CRA regulation. The Albuquerque MSA includes 3 counties: Bernalillo, Sandoval, and Valencia. The Santa Fe MSA includes 2 counties: Santa Fe and Los Alamos.

The bank offers a full range of commercial banking products and financial services through its branch network within the state of New Mexico. This includes commercial, real estate (including home improvement), and consumer loan products. In addition to the main bank in downtown Albuquerque, BAQ operates 15 branches and 35 ATMs in the Albuquerque MSA. The Santa Fe branch is primarily a commercial lending office, but does accept deposits as well.

BAQ has grown into the fourth largest bank in New Mexico, based on asset size, and sixth largest based on deposits. As of June 30, 2001, BAQ reported total assets of \$1 billion with total deposits of \$506 million and total loans of \$284 million. The loan portfolio is 27 percent of total assets and the loan-to-deposit ratio is 56 percent. The portfolio mix is broken down as: commercial and industrial loans - 39 percent, loans secured by residential real estate - 34 percent, loans secured by commercial real estate - 24 percent, and consumer loans - 3 percent. BAQ has also underwritten an additional \$135 million in commercial construction and residential mortgage loans that are recorded on affiliated BOK's financial statements. If these loans had instead been reported on BAQ's financial statements, the loan-to-deposit ratio would approximate 83 percent.

There are no financial impediments to BAQ's ability to help meet the credit, investment, and service needs of its AAs. Tier one Capital on June 30, 2001 is \$60 million representing 5.98 percent of average assets. The bank is financially capable of meeting almost any request for credit, subject to certain legal restrictions applicable to all national banks. However, the bank faces a number of legal obstacles in meeting the community development needs of the twelve Indian pueblos in the bank's two AAs. Each pueblo is a sovereign government with its own set of laws. The main restriction for home mortgage lending is the tribal entities passing mortgage and leasehold codes that are allowable by the Office of Native American Programs (ONAP). Currently, the process for lending on trust or private land located on a reservation has many obstacles that can cause major delays.

This is the bank's first performance evaluation under the Community Reinvestment Act (CRA). As such, there is no prior rating to report.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for the Lending Test, with the exception of community development loans, at this examination was from January 1, 1999, through June 30, 2001. Lending products reviewed included home purchase loans, home improvement loans, home mortgage refinanced loans, small business loans, and community development loans. A detailed analysis of multi-family and small farm loans was not included in this analysis because neither is a primary line of business. The volume of multi-family and small farm loans made during the evaluation period is not significant.

The evaluation period for the Investment and Service Tests and community development loans was from December 5, 1998 to October 15, 2001. The Investment Test included a review of investments, grants, and donations made in the bank's assessment areas (AAs) that meet the definition of community development investments. The Service Test included a review of retail and community development services provided in the bank's AAs.

### Data Integrity

Prior to this CRA examination, OCC personnel verified the accuracy of lending and CRA performance data supplied by the bank. In addition, CD loans, services, and investments were reviewed to ensure they qualified as community development. Based on verification work performed, publicly reported lending data is considered accurate.

### Selection of Areas for Full-Scope Review

During this examination we performed a full-scope review of the Albuquerque MSA AA. The Albuquerque MSA contains a substantial majority of the bank's business in its AAs with 99 percent of deposits and approximately 97 percent of total CRA reported loans. A limited scope review was conducted in the Santa Fe MSA AA. Please refer to the table in Appendix A for more information.

### Ratings

The bank's overall rating is based primarily on activity in the Albuquerque MSA AA. The Albuquerque MSA is the bank's primary market and, as noted above, contains the vast majority of deposits and CRA reportable loans. As a result, little weight is given to activity in the Santa Fe MSA AA given the bank's minimal presence in this market.

### Other

Numerous community contacts were made during the assessment period by the OCC and other regulatory agencies to better understand the public's perception of performance by BAQ and other area bank's. The community contacts were also made to determine credit needs and opportunities in the assessment areas. A total of nine community contacts were made during the review period in the Albuquerque MSA AA that received a full scope review. The group of contacts included small business development and economic development agencies,

neighborhood associations, an Indian housing authority and a local homebuilder. Community contacts most commonly cited the continuing need for affordable housing, rehabilitation and small business loans, along with financial and credit education programs. In aggregate, the comments received were mixed concerning the manner in which area banks provided needed credit, investment, and services. Some felt local banks were not very active in the community, while others named several banks they felt were active. BAQ was generally mentioned as one of the more active banks in this community. No specific derogatory remarks toward BAQ were noted.

The state's *Consolidated Plan for Housing and Community Development* notes that home ownership is becoming increasingly difficult for all lower-income households. Housing costs are very high relative to wage rates throughout the state, including the Albuquerque MSA AA. Additionally, affordable housing in several of the Indian pueblos and among low- and moderate-income urban Indians has been identified as an urgent need. Demand for new affordable housing on the reservations is high, as substandard housing and overcrowding are common. Efforts to supply affordable housing have been slow and time consuming given existing legal and other obstacles. Affordable housing for urban Indians has also been a significant problem. Rental occupancy rates for urban Indians are approximately double that of the remainder of the population. One of the most commonly cited root causes for this problem is the lack of understanding credit and how to manage finances in order to qualify for mortgage loans. More education is needed in this area.



## **Fair Lending Review**

An analysis of public comments and consumer complaint information since December 5, 1998 was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. No comprehensive fair lending examination has been performed at this institution since its inception December 5, 1998.

## 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 overall lending performance in the Albuquerque MSA AA is good. The level of community development loans is also good and has a positive effect on the bank's overall lending performance.

#### Lending Activity

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

In the Albuquerque MSA AA, 57 percent of the CRA reportable loans originated during the examination period were small loans to businesses. Approximately 43 percent were home mortgage loans comprising the majority of the remainder. The breakdown of these home mortgage loans reflects approximately 39 percent for home purchase, 33 percent for home mortgage refinance, and 28 percent for home improvement purposes. At less than one percent, the volume of BAQ's small farm loan originations/purchases is not material. Agricultural lending is not a primary business line of BAQ.

BAQ's lending volume in the Albuquerque MSA AA is good. The June 30, 2001 loan-to-deposit ratio at 56 percent is below peer banks. However, when including the loans underwritten by BAQ but recorded on BOK's financial statements, the ratio climbs to 83 percent and is at the high end of the ratio among peer banks. BAQ ranked fourth in the AA on June 30, 2000 among FDIC insured institutions in terms of deposit market share at 7.93 percent. Based on 1999 HMDA aggregate data, BAQ's overall market share for home purchase and refinanced loans was less than one percent. In home improvement loans, BAQ ranked third among commercial banks with a 5.35 percent overall market share. Based on 1999 CRA aggregate data, BAQ ranked third among commercial banks with 7.75 percent market share of small loans to businesses in the MSA.

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

BAQ's overall distribution of loans by income level of geographies is adequate.

#### Home Mortgage Loans

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

##### Home Purchase Loans

The bank's geographic distribution of home purchase loans is adequate. The distribution of home purchase loans is somewhat lower than the percentage of owner-occupied housing units

in low-income census tracts (CTs). The bank's market share in low-income CTs is also somewhat lower than its overall market share. However, more weight is given to performance in the moderate-income CTs given the level of opportunities for lending. The volume of loans required to meet the demographic in low-income CTs is low and does not provide a significant basis for comparison.

The distribution of home purchase loans is lower than the percentage of owner-occupied housing units in moderate-income CTs. This demographic comparison is partially mitigated as 25 percent of households live below the poverty level in moderate-income CTs. It is very difficult for households living below the poverty level to qualify for home purchase mortgages. The bank's market share in moderate-income CTs exceeds its overall market share.

#### Home Improvement Loans

The bank's geographic distribution of home improvement loans is poor. The distribution of home improvement loans is lower than the percentage of owner-occupied housing units in low-income CT's as the bank did not make any loans in these CTs. The bank's non-existent market share is significantly lower than its overall market share in low-income CTs. However, more weight is given to performance in the moderate-income CTs given the level of opportunities for lending. The volume of loans required to meet the demographic in low-income CTs is low and does not provide a significant basis for comparison.

The percentage of loans in moderate-income CTs is lower than the percentage of owner-occupied housing units in these CTs. Again, this demographic comparison is partially mitigated by the poverty level in moderate-income CTs as described above. However, the bank's market share is also lower than its overall market share in moderate-income CTs.

#### Home Refinance Loans

The bank's geographic distribution of home refinance loans is poor. The distribution of home refinance loans is somewhat lower than the percentage of owner-occupied housing units in low-income CTs. The bank's market share is also lower than its overall market share in low-income CTs. However, more weight is given to performance in the moderate-income CTs given the level of opportunities for lending. The volume of loans required to meet the demographic in low-income CTs is low and does not provide a significant basis for comparison.

The percentage of loans in moderate-income CTs is lower than the percentage of owner-occupied housing units in these CTs. Again, this demographic comparison is partially mitigated by the poverty level in moderate-income CTs as described above. However, the bank's market share is also lower than its overall market share in moderate-income CTs.

### **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.

BAQ's geographic distribution of small business loans is excellent. The percentage of small business loans made in low-income CTs is near to the percentage of small businesses in these CTs. The percentage of small business loans made in moderate-income CTs exceeds

the percentage of small businesses in these CTs. The bank's market share in low- and moderate-income CTs also exceeds its overall market share.

### **Small Loans to Farms - [Not applicable]**

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 farms.

### **Lending Gap Analysis**

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

### **Inside/Outside Ratio**

A majority of the home mortgage loans, small loans to businesses and farms, and community development (CD) loans originated/purchased by BAQ over the evaluation period were within its AAs. Approximately 90 percent of the bank's home mortgage loans, 97 percent of the small business loans, 60 percent of small farm loans, and 100 percent of CD loans were within its AAs. This performance was positively factored into the overall analysis of the geographic distribution of lending.

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

BAQ's overall distribution of loans by income level of the borrower is good.

### **Home Mortgage Loans**

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

#### Home Purchase Loans

The bank's distribution of home purchase loans by borrower income levels is good. The percentage of home purchase loans to low-income borrowers is lower than the percentage of low-income families in the AA. The bank's market share to low-income borrowers is also somewhat lower than their overall market share. These comparisons are partially mitigated by performance context issues. Approximately 14 percent of all households in this AA earn less than the poverty level of \$14,700 per year. This equates to roughly 60 percent of all low-income households. Housing is also relatively expensive in the Albuquerque MSA AA. The median housing cost is \$130,300. It is very difficult in this market for any low-income household to qualify for home purchase mortgages without assistance.

The percentage of home purchase loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share to moderate-income borrowers is near to their overall market share.

#### Home Improvement Loans

The bank's distribution of home improvement loans by borrower income levels is good. The percentage of home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA. The bank's market share to low-income borrowers is near to their overall market share. These comparisons are partially mitigated by the previously noted performance context issues in this AA.

The percentage of home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share to moderate-income borrowers is near to their overall market share.

### Home Refinance Loans

The bank's distribution of home refinance loans by borrower income levels is good. The percentage of home refinance loans to low-income borrowers is lower than the percentage of low-income families in the AA. The bank's market share to low-income borrowers is near to their overall market share. These comparisons are partially mitigated by the previously noted performance context issues in this AA.

The percentage of home refinance loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. The bank's market share to moderate-income borrowers also exceeds their overall market share.

### **Small Loans to Businesses**

Refer to Table 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's loan distribution to small businesses is adequate. The percentage of bank loans to businesses with revenues less than \$1 million is somewhat lower than the percentage of businesses with revenues less than \$1 million. However, the bank's market share to businesses with revenues less than \$1 million exceeds its overall market share.

### **Small Loans to Farms - [Not applicable]**

Refer to Table 11 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

### **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.

Community development (CD) lending had a positive impact on the Lending Test conclusions in the Albuquerque MSA AA. The level of BAQ's CD lending is good. During the evaluation period, BAQ made a total of 66 CD loans totaling \$14.8 million. These loans help address two of the primary credit needs in the AA of affordable housing and job training. Although the opportunities for CD lending in the AA are high (refer to the Market Profile in Appendix B), the

dollar amount of CD loans originated by BAQ is still considered significant. None of the loans are considered complex or innovative.

CD loans made in the Albuquerque MSA AA during the evaluation period include:

- BAQ originated 49 loans over the evaluation period to one builder totaling \$3.4 million to construct the same number of single family homes with sales prices ranging from \$80,000-\$100,000. The bank also made 11 similar home construction loans totaling \$823 thousand to other builders. These homes are priced below the median housing value for the AA and are affordable and targeted to moderate-income individuals and families. Downpayment assistance from various sources was available to purchasers that added to these homes' affordability.
- BAQ originated 2 loans in 1999 totaling \$4.8 million to Adelante Development Center, Inc. Adelante is a nonprofit organization that provides housing, vocational and rehabilitation services to the physically and mentally disadvantaged. The vast majority of beneficiaries of this program are low- and moderate-income individuals who might otherwise not be able to find adequate affordable housing or employment opportunities due to their disabilities.
- BAQ originated 2 loans in 1999 totaling \$540 thousand to Rural Housing, Inc. (Home Education Livelihood Program-HELP). The first loan was a \$150 thousand revolving line of credit to purchase and rehabilitate housing for low-income individuals. The second loan, a term loan for \$390 thousand, provided financing to purchase and rehabilitate a multi-family apartment complex. The mission of Rural Housing, Inc. is to provide affordable and transitional housing to the homeless.
- BAQ originated 2 loans in 2000 totaling \$5.3 million to Toma Alliance Group of New Mexico, LLC to build affordable homes in the Albuquerque MSA AA. The 510-lot development will provide manufactured housing below the area's median housing costs. The homes will be affordable to many moderate-income homebuyers. If needed, down payment assistance is available to borrowers through the New Mexico Mortgage Finance Authority (MFA).

## Product Innovation and Flexibility

Product Innovation and flexibility had a positive impact on the Lending Test conclusions for BAQ. The bank uses innovative and flexible underwriting guidelines to meet the credit needs of low- and moderate-income individuals. The loan programs are geared to increase the volume of loans originated to low- and moderate-income individuals. BAQ often leverages its program with public monies to maximize home ownership opportunities for low- and moderate-income individuals.

Examples of flexible loan products are:

**Zero Down Homeward Bound Mortgage Program** - This product was created to provide affordable financing to low- and moderate-income families and individuals when purchasing a home or refinancing an existing home. The program offers a 15 or 30 year fixed rate mortgages with no down payment requirements, a loan to value up to 103% (includes closing costs and any prepaid insurance), and does not require private mortgage insurance. BAQ set

aside \$20 million to loan under this particular program. As of September 28, 2001, BAQ has closed 64 loans totaling \$5.9 million.

**Section 184 Indian Loan Guarantee Program** - This is a HUD Program, which provides homeownership opportunities throughout the United States in Indian Country. The program was developed specifically for Native Americans seeking homeownership opportunities on fee simple, Tribal Trust, or individually allotted land on Indian reservations. The 184 program offers a loan guarantee by HUD's Office of Native American Programs (ONAP) to private sector lenders who make mortgage loans to eligible borrowers for homes located in Indian Country. This program offers fixed rate mortgages up to 30 years to acquire a new home or rehabilitate an existing home. The maximum down payment is 3 percent, which results in a loan to value of 97 percent. There is no mortgage insurance and only a one-percent origination fee is charged with that fee paid to the ONAP. As of October 15, 2001, BAQ has pre-qualified 22 loans totaling \$1.6 million to members of 4 different tribal entities (Isleta, Santo Domingo, Cochiti, and Sandia). All loans are currently pending the passage of ONAP conforming mortgage and leasehold codes by the tribes. BAQ is only one of a few banks in the U.S. lending on Tribal Lands through this program.

Examples of innovative or special mortgage loan programs for various housing development projects targeting low- and moderate-income areas or borrowers are:

**United South Broadway In-fill Housing Project** - BAQ specifically carved out \$2.4 million of the \$20 million Zero Down Homeward Bound Mortgage funds for United South Broadway's In-fill Housing Project. See "Zero Down Homeward Bound Mortgage Program" described above. This project is aimed at strengthening home ownership in the inner city neighborhoods of Barelás, San José, and South Broadway in Albuquerque. The City of Albuquerque identified over 200 vacant lots in these neighborhoods and targeted them for redevelopment facilitated by the United South Broadway Corporation; a not-for-profit Community Development Corporation (CDC). The \$2.4 million committed to this project by BAQ will provide mortgage loans to low- and moderate-income families and individuals under the Zero Down Homeward Bound mortgage program.

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

Based on limited-scope reviews, the bank's performance under the lending test in the Santa Fe MSA AA is weaker than the bank's overall performance of "High Satisfactory". However, this has little impact on the overall rating as the AA represents only 3 percent of CRA reported loans and 1 percent of the bank's total deposits.

Refer to Tables 1 through 11 in appendix C for the facts and data that support these conclusions.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "High Satisfactory." Based on the full-scope review of the Albuquerque MSA AA, the bank's performance is good. Mortgage-

backed affordable housing bonds comprise 98 percent of the dollar amount of all qualified investments. While resulting in a significant dollar volume of investments, these investments are not considered innovative or complex.

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

The bank has made 33 qualified investments/grants/donations during the evaluation period totaling \$7.1 million or 11.9 percent of Tier one capital in the Albuquerque MSA AA. Mortgage-backed affordable housing bonds totaling \$6.9 million comprise the majority of qualified investments. BAQ has also given qualified grants and donations totaling \$169 thousand to 30 different organizations in this evaluation period. The grants and donations are responsive to helping organizations meet identified credit needs and provide financial assistance in several areas including small business financing, affordable housing, and revitalization of low- and moderate-income geographies.

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

Based on limited-scope reviews, the bank's performance under the Investment Test in the Santa Fe MSA AA is not inconsistent with its overall "High Satisfactory" performance under the Investment Test. Refer to Table 12 in Appendix C for the facts and data that support these conclusions.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory." Based on the full-scope review, the bank's performance in the Albuquerque MSA AA is good. All services are at least reasonably accessible to individuals and geographies of different income levels within its assessment areas.

### **Retail Banking Services**

Refer to Table 13 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

BAQ's branch distribution is good. In the Albuquerque MSA AA, there are no branches in low-income CTs. However, the AA contains only 6 low-income CTs with a small percentage of the population at approximately 3 percent. Four of these low-income CTs are located in the downtown area and are adjacent to more densely populated moderate-income geographies with convenient access to BAQ branches. The two other low-income CTs are thinly populated, largely undeveloped, and legally restricted by Indian Reservations. The distribution of BAQ branches in moderate-income CTs is slightly lower than the population distribution in these CTs. However, two of the bank's branches in middle-income CTs are across the street from moderate-income CTs. If these branches were considered moderate-income, the branch distribution in moderate-income CTs would exceed the population distribution.



BAQ relocated one branch from an upper-income CT to a middle-income CT. This new branch is one of those across the street from a moderate-income CT. Two other supermarket branches were opened in a middle- and upper-income CT. Banking hours and services offered throughout the AA are adequate and provide reasonable and good accessibility to banking products and services. Any differences in lobby and drive-through facility hours are based on usage and overall traffic patterns.

BAQ is a full service commercial bank offering a wide variety of loan and deposit products. The same products are offered all branches throughout the Albuquerque MSA AA. Alternative delivery systems include ATM's, mail, direct deposit, 24-hour access telephone banking, and Internet banking services.

The distribution of BAQ's ATM's in low-income geographies is lower than the population percentage living in such geographies. However, this is mitigated by the factors noted in the branch distribution discussion above. The distribution of BAQ's ATM's in moderate-income geographies is good as it approximates the population percentage living in such geographies.

Express Banking is BAQ's 24-hour a day telephone banking service. This service allows customers to make inquiries on their loan and deposit accounts, transfer funds, and make payments on loans. Internet Banking with electronic bill payment features is available to customers for a fee. Since the bank does not have specific information on how low- and moderate-income individuals and geographies are impacted by these services, significant weight was not placed on the alternative delivery system when drawing conclusions under the Service Test.

### **Community Development Services**

BAQ has demonstrated good community development service performance in the Albuquerque MSA AA. The bank actively seeks opportunities and provides services to a large number of groups. Activities demonstrate the bank's commitment and leadership to its community primarily through providing financial expertise, technical assistance, low or no cost services, affordable housing assistance, homebuyer assistance, and banking education.

Below are examples of the bank's involvement in community development services in the full-scope review of the Albuquerque MSA AA:

**ACCION New Mexico** - This organization provides small business loans to start-businesses and technical assistance. The bank's president is on the Board of the organization and provides his expertise in loan reviews.

**Home New Mexico** - This organization provides specialized counseling, volunteers, and homebuyers training to individuals with disabilities to prepare them for homeownership. The goal is to improve their quality of life. The only income for these individuals is social security. A bank officer serves on the board for this organization. This officer provides mortgage finance expertise and guidance on feasibility for projects. Additionally, BAQ has partnered with Home New Mexico and has just completed an Affordable Home Program grant request for the purpose of enabling 15 individuals or families to own homes.

**American Indian Chamber of Commerce** - A bank representative serves on the Board of this new organization. The bank representative provides assistance to members through assistance in formulating long-term business plans, and providing credit and financial counseling.

**Urban Development Action Group Committee (UDAG)** - An officer of the bank has been appointed by the Mayor's UDAG committee to advise the Mayor on how HUD funds should be spent in the community relating to affordable housing and economic development that helps neighborhoods in the city's pocket of poverty. Currently, the committee is working on a 2-year plan.

**Albuquerque Indian Center (AIC)** - A bank representative is an advisor to the AIC. The representative is providing professional expertise in developing a strategic plan for AIC. AIC addresses major urban Indian issues such as affordable housing, financial education, and healthcare.

**Indian Housing Authorities** - BAQ has provided homeownership counseling on mortgage loans to tribal members living in Isleta and Santo Domingo Pueblos. Additionally, the bank sponsored an Affordable Housing Program (AHP) grant request that was awarded in 2000 for \$200 thousand to Santa Domingo Pueblo Housing Authority. These funds will provide down payment assistance for the Pueblo's 20-unit new housing development.

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

Based on limited-scope review, the bank's performance under the Service Test in the Santa Fe MSA AA is not inconsistent with the bank's overall "High Satisfactory" performance under the Service Test. BAQ operates one branch that is used primarily as a commercial lending office with few deposit transactions. The Santa Fe branch does not have an ATM, however, for the convenience of their customers BAQ obtained no fee ATM service from the Century Bank of Santa Fe ATMs. Refer to Table 13 for facts and data that support these conclusions.

## Appendix A: Scope of Examination

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

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 01/01/99 to 6/30/01 Investment and Service Tests and CD Loans: 12/05/98 to 10/15/01	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Bank of Albuquerque, N.A. (BAQ) Albuquerque, New Mexico	Home purchase loans, home improvement loans, home refinance loans, small business loans, community development (CD) loans, CD investments, and CD services.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Bank of Oklahoma, N.A. (BOK)	Wholly owned by Bank of Oklahoma Financial Corporation (BOKF)	Home purchase loans and home refinance loans originated in the Albuquerque and Santa Fe MSAs.
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Albuquerque MSA #0200	Full Scope	
Santa Fe MSA #7490	Limited Scope	

## Appendix B: Market Profiles for Full-Scope Areas

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### Table of Contents

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

Albuquerque MSA .....	B-2
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Institution ID: 10000023742 BANK OF ALBUQUERQUE, N.A.

**Albuquerque MSA**

Demographic Information for Full Scope Area: Albuquerque MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	138	4.35	25.36	39.86	28.26	2.17
Population by Geography	589,131	3.25	26.00	42.11	28.64	0.00
Owner-Occupied Housing by Geography	142,641	1.92	20.64	44.56	32.88	0.00
Business by Geography	31,482	2.81	28.16	40.22	28.80	0.00
Farms by Geography	573	1.92	19.72	48.17	30.19	0.00
Family Distribution by Income Level	154,528	20.76	17.33	22.38	39.52	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	58,863	5.34	38.07	41.85	14.74	0.00
Median Family Income		31,959	Median Housing Value**	130,300		
HUD Adjusted Median Family Income for 2001		49,000	Unemployment Rate (1990	3.36%		
Households Below Poverty Level		14%	US Census)			

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

(\*\*) 2001 Median Housing Value from Bureau of Census data.

Source: 1990 US Census and 2001 HUD updated MFI

The Albuquerque MSA AA is comprised of the entire Albuquerque MSA and does not arbitrarily exclude low- or moderate-income areas. The AA includes Bernalillo, Sandoval, and Valencia counties. BAQ operates 16 full service branches and 35 ATMs in the MSA.

Deposits originating from the Albuquerque MSA represent approximately 97 percent of BAQ's total deposits. In terms of market share, BAQ holds approximately 7.93 percent of bank deposits in the AA. Local competition includes affiliates of large national banking companies, mid-size community banks, and numerous small community banks.

The Albuquerque MSA includes 138 CTs. Three of the CTs, representing 2.17 percent of the total number of CTs are not classified by income level. The above table provides demographic information based on the known income levels of the CTs and families in the Albuquerque MSA.

Albuquerque is the largest city in New Mexico. The unemployment rate of the MSA has increased from 3.2 percent July 2000 to 4.3 percent July 2001. The number of jobs has expanded over this time, but opportunities continue to lag in the rural areas as compared to the urban areas. Primary industries in the MSA include: services, retail trade, manufacturing and federal, state and local governments.

A review of community contacts conducted within the Albuquerque MSA indicates that numerous opportunities exist to participate in community development lending, investment and service activities. Primary needs include affordable housing,

rehabilitation, small business lending, and financial and credit education programs. There are 8 Indian pueblos in the Albuquerque MSA. Affordable housing has been identified as a critical need in these pueblos. To date, legal obstacles have delayed most activities. Reviews from the commentators were mixed as several felt that local banks were not involved in the community while others stated local banks were doing a good job.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the 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 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 share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) 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 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. 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.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



**Table 1. Lending Volume**

LENDING VOLUME		Geography: ALBUQUERQUE				Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001						
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits (#) in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>												
Albuquerque MSA	97.09	1,031	94,522	1,167	107,585	6	1,517	66	14,766	2,270	218,390	99.41
<b>Limited Review:</b>												
Santa Fe MSA	2.91	30	3,863	38	6,126	0	0	0	0	68	9,989	0.59

\* Loan Data as of June 30, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From December 05, 1998 to October 15, 2001.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

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

Geographic Distribution: HOME PURCHASE		Geography: ALBUQUERQUE				Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001									
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Albuquerque MSA	404	95.73	1.92	0.74	20.64	12.87	44.56	45.30	32.88	41.09	0.63	0.43	0.66	0.45	0.85
<b>Limited Review:</b>															
Santa Fe MSA	18	4.27	0.00	0.00	25.67	0.00	42.81	100.00	31.52	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 1999 Aggregate HMDA Data Only.

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

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

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

Geographic Distribution: HOME IMPROVEMENT															Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography'													
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Albuquerque MSA	290	98.64	1.92	0.00	20.64	14.14	44.56	45.52	32.88	40.34	5.35	0.00	3.88	4.88	6.50									
<b>Limited Review:</b>																								
Santa Fe MSA	4	1.36	0.00	0.00	25.67	0.00	42.81	100.00	31.52	0.00	0.00	0.00	0.00	0.00	0.00									

\* Based on 1999 Aggregate HMDA Data Only.

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

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

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

Geographic Distribution: HOME MORTGAGE REFINANCE		Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001					Market Share (%) by Geography'				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies							
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Albuquerque MSA	336	97.67	1.92	0.60	20.64	14.58	44.56	36.31	32.88	48.51	0.72	0.00	0.54	0.58	1.03	
<b>Limited Review:</b>																
Santa Fe MSA	8	2.33	0.00	0.00	25.67	25.00	42.81	75.00	31.52	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 1999 Aggregate HMDA Data Only.

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

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

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001					Market Share (%) by Geography <sup>1</sup>				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans						
<b>Full Review:</b>																
Albuquerque MSA	1,167	96.85	2.81	2.14	28.16	30.42	40.22	44.90	28.80	22.54	7.75	7.81	9.10	7.58	5.56	
<b>Limited Review:</b>																
Santa Fe MSA	38	3.15	0.00	0.00	44.92	55.26	31.72	42.11	23.36	2.63	0.26	0.00	0.79	0.10	0.00	

\* Based on 1999 Aggregate Small Business Data Only.

\*\* 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 (2001).

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

Geographic Distribution: SMALL LOANS TO FARMS															Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography'													
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
Albuquerque MSA	6	100.00	1.92	0.00	19.72	0.00	48.17	83.33	30.19	16.67	5.63	0.00	0.00	10.26	0.00									
<b>Limited Review:</b>																								
Santa Fe MSA	0	0.00	0.00	0.00	37.29	0.00	41.24	0.00	21.47	0.00	0.00	0.00	0.00	0.00	0.00									

\* Based on 1999 Aggregate Small Farm Data Only.

\*\* 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 (2001).

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

Borrower Distribution: HOME PURCHASE		Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001									
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	
<b>Full Review:</b>																
Albuquerque MSA	404	95.73	20.76	10.83	17.33	24.18	22.38	22.67	39.52	42.32	0.63	0.47	0.55	0.45	0.87	
<b>Limited Review:</b>																
Santa Fe MSA	18	4.27	21.54	22.22	17.24	33.33	21.30	27.78	39.93	16.67	0.00	0.00	0.00	0.00	0.00	

\* Based on 1999 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 1.66% of loans originated and purchased by BANK.

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

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

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

Borrower Distribution: HOME IMPROVEMENT		Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001					Market Share <sup>†</sup>				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****	% Families***	% BANK Loans****						
<b>Full Review:</b>																
Albuquerque MSA	290	98.64	20.76	8.79	17.33	19.78	22.38	25.64	39.52	45.79	5.35	5.18	5.14	4.71	5.95	
<b>Limited Review:</b>																
Santa Fe MSA	4	1.36	21.54	0.00	17.24	0.00	21.30	66.67	39.93	33.33	0.00	0.00	0.00	0.00	0.00	

\* Based on 1999 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 6.12% of loans originated and purchased by BANK.

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

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



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

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001					Market Share <sup>7</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
Albuquerque MSA	336	97.67	20.76	7.96	17.33	18.47	22.38	24.20	39.52	49.36	0.72	0.61	0.75	0.62	0.75	
<b>Limited Review:</b>																
Santa Fe MSA	8	2.33	21.54	0.00	17.24	25.00	21.30	12.50	39.93	62.50	0.00	0.00	0.00	0.00	0.00	

\* Based on 1999 Aggregate HMDA Data Only.

\*\* As a percentage of loans with borrower income information available. No information was available for 6.40% of loans originated and purchased by BANK.

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

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

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

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: ALBUQUERQUE					Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Albuquerque MSA	1,167	96.85	87.12	76.78	83.98	7.88	8.14	7.75	10.48
<b>Limited Review:</b>									
Santa Fe MSA	38	3.15	87.76	28.95	68.42	13.16	18.42	0.26	0.13

\* Based on 1999 Aggregate Small Business Data Only.

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

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* 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 2.57% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: ALBUQUERQUE			Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Albuquerque MSA	6	100.00	89.70	83.33	33.33	16.67	50.00	5.63	1.59
<b>Limited Review:</b>									
Santa Fe MSA	0	0.00	90.40	0.00	0.00	0.00	0.00	0.00	0.00

\* Based on 1999 Aggregate Small Business Data Only.

\*\* 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 - 2001).

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

**Table 12. Qualified Investments**

QUALIFIED INVESTMENTS									
Geography: ALBUQUERQUE									
Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001									
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Albuquerque MSA	0	0	33	7,078	33	7,078	82.33	1	40
<b>Limited Review:</b>									
Santa Fe MSA	0	0	1	1,519	1	1,519	17.67	0	0

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

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

**Table 13. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: ALBUQUERQUE				Evaluation Period: DECEMBER 5, 1998 TO JUNE 30, 2001									
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
Albuquerque MSA	99.41	17	94	0.00	17.65	47.06	35.29	3	1	0	0	2	0	3.25	26.00	42.11	28.64
<b>Limited Review:</b>																	
Santa Fe MSA	0.59	1	6	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	28.47	43.51	28.03