

PUBLIC DISCLOSURE

June 18, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**New Mexico Bank & Trust
34726**

**320 Gold Avenue SW
Albuquerque, New Mexico 87102**

**Federal Deposit Insurance Corporation
1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106**

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, nor should it 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.

INSTITUTION RATING

INSTITUTION'S OVERALL CRA RATING: This institution is rated Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The following information relating to the Lending Test illustrates New Mexico Bank & Trust's (NMB&T) satisfactory record of meeting the assessment area's (AA) credit needs.

- The bank's average net loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA's credit needs, demonstrating the bank's willingness to extend credit.
- A substantial majority of loans reviewed were extended to small farms, small businesses, and individuals located in the AAs. The bank originated a combined total of 86 percent by number and 85 percent by dollar volume of small farm and small business loans sampled loans within the AAs. Further, of originated or purchased residential real estate loans, the bank extended 92 percent by number and 93 percent by dollar volume in the AAs. Overall, these results demonstrate a strong commitment to lend within the local community.
- The lending distribution reflects a reasonable penetration of lending to small farms when compared to demographics. NMB&T extended 100 percent of its loans by number to small farms with revenues equal to or less than \$1,000,000. Further, the distribution of lending to small businesses is reasonable. Specifically, NMB&T extended 67 percent of its loans by number to small businesses with gross revenues equal to or less than \$1,000,000. The distribution of lending to residential real estate borrowers is also reasonable. Overall, the bank is considered to have a reasonable commitment to meeting the needs of borrowers of all income levels and small farms and small businesses of all revenue sizes.
- The geographic distribution of loans reflects a reasonable dispersion among the geographies in the AAs, indicating the bank's willingness to extend loans throughout its AAs.
- The bank has not received any CRA-related complaints since the prior CRA evaluation in August 2009.

Tables 21 and 22 detail the NMB&T's investments. Some notable community development investments include:

- The institution, through its holding company, invested \$725,000 in the Solomon Hess SBA Loan Fund, LLC (mutual fund), which is a pool of 7a SBA guaranteed business loans. The primary purpose of this fund is to promote economic development by supporting permanent job creation, retention, and/or improvement in low- or moderate-income geographies or target areas for redevelopment by Federal, State, Local or Tribal governments. One hundred percent of the investment was extended to a borrower in a Bernalillo County moderate-income geography.
- A FNMA mortgage-backed security currently valued at approximately \$1.7 million for affordable housing to low- and moderate-income individuals/families. The prospectus indicates that a majority of the pooled participants are moderate-income borrowers residing within the Albuquerque AA.
- The bank invested nearly \$3.6 million in three Ginnie Mae mortgage-backed securities since the prior evaluation for affordable housing which were all secured by new mortgages originated to low- and moderate-income individuals in the Albuquerque AA.
- NMB&T purchased a bond totaling over \$500,000 for school district in a low- or moderate-income area in the Santa Fe AA to erect, remodel, make additions, and furnish school buildings under the qualified School Construction Bond Program.

Management promoted community development through activities that primarily targeted low- or moderate-income individuals. Further, community development was actively supported through donations to several organizations that are in low- and moderate-income areas, distressed, or targeted revitalization areas. By donating to these organizations, NMB&T supported economic development by creating and/or retaining jobs as well as helping to revitalize or stabilize the area. Examples of organizations in which the funds were donated include the following:

Albuquerque AA

- *Acción* – This non-profit organization, CDFI, and partner with the SBIC, offers small business loans to entrepreneurs who otherwise would not have access to capital for start-up cost or expansion. Approximately 60 to 65 percent of Acción loans are made to low- and moderate-income borrowers.
- *Central New Mexico Community College Foundation* – This organization provides services targeting low- and moderate-income individuals by providing financial education classes, some of which are provided at no charge to the student.
- *New Mexico Community Loan Fund* – This CDFI, and partner with the SBIC, provides loans, training, and business consulting to entrepreneurs, small business owners and non-profit organizations. There is an emphasis on assisting low-income, minority, and women-owned businesses who meet requirements and are unable to meet financing from traditional sources.