

2011 3RD QUARTER REPORT

140 Years of Service



BANKING | ASSET MANAGEMENT | INSURANCE



First National Bank of Santa Fe President's Message

To our valued clients,
community partners and
shareholders:

As we reflect on the first three quarters of 2011, we are pleased to report continued growth, service to you, and readiness for the future. Total deposits held by the First National Bank have grown at an annualized rate of six percent to \$665 million during 2011, resulting in unprecedented liquidity. As of September 30, we held cash, overnight investments and marketable investment securities totaling \$300 million of our \$745 million combined asset base.

Profit margins have remained healthy during 2011, contributing to our record level of equity capital and reserves, which stood at \$86 million as of September 30.

While these are simply numerical indications of our financial health and capacity, they underscore our ongoing commitment to you: to provide



Greg Ellena, President and
Chief Executive Officer

a broad spectrum of outstanding relationship-based products and services within the framework of an unquestionably safe, sound and reliable financial institution.

Our bankers, investment managers and insurance agents are experts in their fields. They are fully supported within our Company and able to deliver a great client experience. We are anxious to develop a customized solution to address the needs of each client.

Equally as important, we understand and care about our communities. We listen closely, encourage our professionals to take leadership positions in a diverse group of community organizations, and strive to improve people's lives.

Financial strength, professional capability, community sensitivity—these are our hallmarks.

All the best,

A handwritten signature in black ink, appearing to read "Greg Ellena". The signature is fluid and cursive, written on a white background.

President and CEO
First National Bank of Santa Fe

Board of Directors

Larry D. Cheek
*Executive Vice President &
Chief Credit Officer,
First National Bank of Santa Fe*

Jeannine Daniels
President, D'Elegance, Inc.

Irvin F. Diamond
CPA, PFS, CFP®
*Senior Principal,
REDW Business & Financial Resources, LLC*

Gregory J. Ellena
*President & Chief Executive Officer,
First National Bank of Santa Fe*

Beverly A. Fairman
*Part-Owner, Fairman Corporation;
Owner, Fairlady & Company*

Derek R. Fairman
*Senior Software Engineer with Honors,
Raytheon Systems*

Joe Kovalchick
President, Kovalchick Corporation

Andrew J. Kuzneski III
Principal, Kuzneski Financial Group

William P. Lang
President, Starline Printing

Dale P. Latimer
*Chairman & Chief Executive Officer,
R&L Development Company*

Bank Financials

Balance Sheet

September 30, 2011 (unaudited)

	2011
Assets	
Cash and due from banks	\$ 11,203,220
Funds on deposit at Federal Reserve Bank	118,077,749
Federal funds sold	-
Short-term investments	8,610,260
Investment securities	162,009,737
Loans held for sale	919,717
Loans, net	405,422,961
Bank owned life insurance	15,768,442
Premises and equipment, net	15,096,911
Accrued interest receivable and other assets	7,874,330
Total Assets	<u>\$744,983,327</u>
Liabilities	
Deposits	
Non-interest bearing	\$ 91,486,639
Interest bearing	573,472,855
Total Deposits	664,959,494
Federal funds purchased and other borrowings	1,000,000
Accrued interest payable and other liabilities	2,302,753
Total Liabilities	<u>668,262,247</u>
Shareholders' Equity	
Common stock, \$100 par value	1,100,000
Additional paid-in capital	23,201,114
Retained earnings	51,091,456
Accumulated other comprehensive income, net	1,328,510
Total Shareholders' Equity	<u>76,721,080</u>
Total Liabilities and Shareholders' Equity	<u>\$744,983,327</u>

Statement of Income

Nine Months Ending September 30, 2011 (unaudited)

	2011
Interest Income	
Interest and fees on loans	\$ 18,361,841
Interest on investment securities	1,921,933
Interest on federal funds sold and other	234,045
Total Interest Income	<u>20,517,819</u>
Interest Expense	
Deposits	2,577,057
Other	826
Total Interest Expense	<u>2,577,883</u>
Net interest income	17,939,936
Loan loss provision	450,000
Net Interest Income After Loan Loss Provision	17,489,936
Non-interest Income	
Fiduciary activities	1,343,091
Service charges on deposit accounts	596,521
Gain on sale of loans held for sale	324,129
Other	1,779,928
Total Non-interest Income	<u>4,043,669</u>
Non-interest Expense	
Salaries and employee benefits	8,642,281
Net occupancy expense	1,348,296
Data processing	903,580
Legal and professional fees	833,237
Other	4,155,788
Total Non-interest Expense	<u>15,883,182</u>
Income before income taxes	5,650,423
Income tax credit	-
Net Income	<u>\$ 5,650,423</u>

Advisory Directors:

Luke A. Latimer

Executive Vice President & Treasurer,
R&L Development Company;
Chairman of the Board,
First National Bank of Santa Fe

John R. Lewinger

Chief Executive Officer, Retired,
Grubb & Ellis/New Mexico;
Vice Chairman,
First National Bank of Santa Fe

Julia B. Rose

Executive Vice President &
Chief Operating Officer,
First National Bank of Santa Fe

Douglas W. Schwartz

President Emeritus & Senior Scholar,
School for Advanced Research

Carl M. Alongi, CPA/ABV/PFS/CFE, AM

Senior Consultant,
REDW Business & Financial Resources, LLC

Edgar Foster Daniels

Chairman of the Board & President,
The Edgar Foster Daniels Foundation

Johnston A. Glass

Director, Retired,
First Commonwealth Financial Corporation;
Chief Executive Officer & President,
First Commonwealth Bank



First National Bank continues to build on a legacy of stability, strength and commitment to the communities we serve. For all your financial needs, you can *trust* First National.

All Santa Fe Offices
505-992-2000

Main Office on the Plaza
62 Lincoln Avenue at Palace Avenue

Alameda at Sandoval
100 Sandoval Street

Cerrillos at St. Michaels
2021 Cerrillos Road

Cordova Road Shopping Center
516 West Cordova Road

Eldorado Office
13 Avenida Vista Grande

South Side
Cerrillos at Governor Miles Road
4995 Governor Miles Road

Wealth Management Office,
Delgado House
124 West Palace Avenue

Wealth Management Office,
Hospital Drive
1672 Hospital Drive

Los Alamos Office
1910 Trinity Drive
505-662-4155

Albuquerque Offices
One Park Square
6501 Americas Parkway NE, Suite 101
505-889-1900

Journal Center
7620 Jefferson Street NE
505-798-5800

Denver Office
1800 Glenarm Place
303-831-6700

First Santa Fe Insurance Services, Inc.
505-992-2000

First Santa Fe Advisors, LLC
505-992-2000

INDEPENDENT | HISTORIC | COMMITTED



All offices **992-2000**

www.fnb-sf.com

Member FDIC