



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

October 13, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank Kemmerer
Charter Number 16543**

**716 Pine Street
Kemmerer, Wyoming 83101**

**Office of the Comptroller of the Currency
Salt Lake City Field Office
2855 Cottonwood Parkway, Suite 370
Salt Lake City, Utah 84121**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **First National Bank Kemmerer**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 21, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**”.

We assign this rating based on the following factors:

- The bank makes a substantial majority of its loans within its assessment area.
- The distribution of loans reflects satisfactory penetration among individuals of different income levels and businesses of different sizes.
- The bank’s loan-to-deposit ratio is reasonable when compared to other local banks.

The following table indicates the performance level of First National Bank Kemmerer, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Rock Springs National Bank's</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No Complaints Received Since the Prior Examination		

DESCRIPTION OF INSTITUTION

First National Bank Kemmerer (FNB) had total assets of \$34 million as of June 30, 1998. The bank's main office is located in Kemmerer's downtown business district, with one branch located 100 miles north in Afton, Wyoming. The bank does not own any ATM machines, but offers ATM cards for customer accounts.

The bank offers residential real estate, small business, consumer, and agricultural loans. On June 30, 1998, residential real estate loans comprised 33% of outstanding loans, commercial loans were 22%, consumer loans were 30%, and agricultural loans were 15%.

First National Bank Kemmerer received a "Satisfactory" rating in the previous CRA Performance Evaluation dated October 30, 1995.

There are no financial or legal impediments which limit the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area consists of six block numbering areas (BNAs) which include all of Lincoln county and part of Sublette county. The assessment area does not arbitrarily exclude any low- or moderate-income areas. Approximately 16,000 people live in the assessment area. The population has shown an increase since the 1990 census, with the most growth occurring in the northern portion of Lincoln county.

The 1998 Wyoming statewide non-metropolitan median family income (MFI) is \$41,900. The following table summarizes the income levels of individual BNA's and families located within the bank's assessment area:

1990 U.S. Census Income	# of BNAs	% of Families
Low Income (<50% MFI)	0	18%
Moderate Income (50-79% MFI)	1	20%
Middle Income (80-119% MFI)	4	26%
Upper Income (120+% MFI)	1	36%

DESCRIPTION OF ASSESSMENT AREA (continued)

The local economy is based on mining, oil/gas production, ranching, and retail/government services. Mining has been only minimally impacted by weak foreign markets. Home prices have remained stable, and there have been no significant changes in the county's employment prospects.

We contacted one community development official in the Kemmerer area to discuss economic conditions and credit needs. This individual indicated that the local economy is generally stable and that the financial institutions are effectively meeting the credit needs of the community. Similar information was ascertained through community contacts in the communities of Afton and Alpine, Wyoming.

Competition within the assessment area comes from local community banks within the county, branches of regional banks, and several credit unions affiliated to the industrial and government services sectors.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB exhibits a reasonable loan-to-deposit (LTD) ratio when compared to similarly situated institutions. The bank's average LTD ratio for the eight quarters ending June 30, 1998 was 54%. The LTD ratio for state and national banks located in Wyoming for the same time period was 62%. Competing state and national banks located near FNB's assessment area had eight quarter average ratios ranging from 34% to 75%. FNB has maintained a steady LTD ratio over the period we reviewed.

Lending in Assessment Area

The bank makes a substantial majority of its loans to borrowers located within its assessment area. FNB originated 938 loans from March 31, 1997 thru June, 30 1998. Of these, 906 (96%) were made in the assessment area. We used bank prepared reports that tracked all loans originated in this time period. We verified the bank's data for accuracy based on a sample of the information included in the reports.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FNB's lending patterns reflect a satisfactory distribution among businesses and individuals of different income levels. FNB originated 87% of their business loans to entities with gross revenues less than \$250,000. The bank made 20% of their consumer loans and 13% of their residential real estate loans to low income families, comparing favorably to this group's 18% representation in the assessment area.

We analyzed the distribution of business loans made from June 30, 1997 to September 30, 1998. We reviewed 15 business loans and gathered gross revenue information from the loan files. The following chart reflects the distribution of business loan originations to businesses of various sizes.

Business Loan Sample Analysis

Gross Business Revenues	# of Loans	% of Loans
Less than \$100,000	10	67 percent
\$100,000 to \$250,000	3	20 percent
\$250,000 to \$500,000	1	6.5 percent
\$500,000 to \$1,000,000	1	6.5 percent
Greater than \$1,000,000	0	

We also reviewed the distribution of consumer and residential real estate loans made from June 30, 1997 to September 30, 1998. We reviewed 15 residential real estate loans and 25 consumer loans and gathered income information from the loan files. The following chart reflects the bank's distribution of consumer and residential real estate loan originations (number of loans) to families of different income levels:

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

Consumer and Residential Real Estate Loan Sample Analysis

Family Income	% of Consumer Loans	% of Residential RE Loans	% of Families in Assessment Area
Low (<\$20,950)	20 percent	13 percent	18 percent
Moderate (\$20,951-\$33,519)	24 percent	33 percent	20 percent
Middle (\$33,520-\$50,279)	20 percent	27 percent	26 percent
Upper (>\$50,280)	36 percent	27 percent	36 percent

Geographic Distribution of Loans

The geographic distribution of loans is reasonable. FNB's assessment area contains limited diversity which makes a geographic distribution analysis less meaningful. The assessment area consists of six BNA's: four of which are middle income, one upper income, and one moderate income. The population of the moderate income BNA is 6% of the total assessment area, and the bank has originated 9% of their loans within that area. The defined assessment area has no low income areas.

Record of Complaints and Compliance with Anti-discrimination Laws

There were no complaints about the bank's CRA performance from the public since the last CRA examination. We found no violations of the substantive provisions of anti-discrimination laws and regulations.