



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

September 07, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank and Trust Company
Charter Number 10265**

**245 East First Street
Powell, WY 82435**

**Comptroller of the Currency
Billings Field Office
490 North 31st Street Suite 220
Billings, MT 59101-1256**

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'S CRA RATING: This institution is rated Outstanding.

First National Bank and Trust's (FNB&T) lending performance reflects an outstanding response to community credit needs. This conclusion is based on the following results.

- The bank's average loan-to-deposit (LTD) ratio reflects a strong responsiveness to community credit needs and exceeds similarly situated banks.
- The bank originated a substantial majority of its loans inside the assessment area (AA).
- Lending activities represent an excellent penetration of loans to businesses and farms of different sizes.
- FNB&T's residential real estate lending performance to low- and moderate-income families is good.
- The bank actively participates in state and local programs that promote and increase the availability of credit services to low-and moderate-income borrowers and small businesses within the assessment area.

DESCRIPTION OF INSTITUTION

First National Bank and Trust is a full service community bank operating in north central Wyoming. The bank is headquartered in the Park County town of Powell. As of June 30, 2004, total assets equaled \$211 million and net loans comprised 70 percent of total assets. The bank is 100 percent owned by the holding company, First Company. The bank has two branch offices in Lovell and Cody, Wyoming. In addition to the two branches, FNB&T has twelve ATMs located throughout the assessment area. FNB&T's business focus is to provide a variety of credit and deposit services to support the needs of small businesses, agricultural producers, and consumers located within the assessment area.

The prior Community Reinvestment Act Performance Evaluation dated June 1, 1998, resulted in an "Outstanding" rating.

The bank does not have any financial or legal impediments that prevent it from meeting the credit needs of the assessment area.

Please refer to the bank's *CRA Public File* for more information.

DESCRIPTION OF PARK AND BIG HORN COUNTIES

First National Bank & Trust's assessment area consists of a majority of Park and northern Big Horn Counties of Wyoming. The assessment area is not part of a metropolitan statistical area (MSA). The AA is comprised of six census tracts. Five of the six tracts are designated as middle income and one tract is designated as moderate-income. Cody is the county seat for Park County and Basin is the county seat of Big Horn County. The 2000 Census lists the median housing cost for the assessment area at \$105,633. Local realtor statistics show the median cost ranges from \$70,000 to \$160,000. The 2000 Census data shows that of the 14,087 housing units, 87 percent are owner occupied and 12 percent are vacant. It also lists the population of the AA

at 31,173.

For 2003, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$50,700. The following table provides information on how each income level is defined. Also included is the percent of families within each income level according to the 2000 Census data for Park and Big Horn Counties.

**Park and Big Horn County Income Distribution
2000 Census Data**

Income Level	Percent of MFI	Income Range	Families	
			Number	Percent
Low-Income	Less than 50%	<\$25,350	1,755	21%
Moderate-Income	51% - 80%	\$25,351 - <\$40,560	1,895	22%
Middle-Income	81% - 120%	\$40,561 - < \$60,840	2,077	24%
Upper-Income	121% and over	>\$60,841	2,818	33%
Totals			8,545	100%

The local economy is largely dependent on agriculture and tourism. Based on 2002 employer census data, the area's largest industries are services (33 percent), retail trade (14 percent), construction (8 percent) and agriculture (7 percent). Major employers are the school districts, local hospitals and Northwest College.

The June 30, 2003 FDIC Market Share Report shows FNB&T and Shoshone First Bank having the majority deposit account market share for the assessment area at 27 percent and 28 percent, respectively.

We contacted a local realtor and city administrators to discuss economic conditions and credit needs. They indicated the primary credit needs were small business, agricultural and general consumer loan products, including auto loans, affordable housing, and general purpose loans. Each contact felt low-income housing needs are being met through first time homebuyer programs, down payment assistant loans and other services provided by the local financial institutions.

Please refer to the bank's *CRA Public File* for more information.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

We evaluated the bank's lending performance by reviewing loans originated from January 1, 2003 through December 31, 2003. Our analysis focused on agricultural, commercial, and residential real estate loans. We randomly selected 99 loans to test the bank's lending performance: 36 commercial, 33 residential real estate purchase loans and 30 agriculture loans. We obtained demographic information from the 2000 United States Census.

Loan Originations 2003		
Loan Type	Number	Dollar Amount (\$000)
Commercial Loans	548	\$42,170,606
Consumer Loans	701	6,567,685
Real Estate Loans	835	73,686,097
Total	2,084	\$122,424,388

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio reflects a strong responsiveness to community credit needs and exceeds similarly situated banks.

Similarly situated banks are those banks of similar business lines and comparable asset size operating in the state of Wyoming. We identified five other community banks that met these criteria. Based on this comparison, FNB&T's loan-to-deposit ratio indicates a strong responsiveness to area credit needs. We averaged each bank's loan-to-deposit ratio for the last thirteen quarters for comparison ending March 31, 2004. FNB&T's loan-to-deposit ratio average was 72 percent, compared to 64 percent for the five similarly situated banks. Average loan-to-deposit ratios for competing institutions ranged from 41 percent to 77 percent. FNB&T exceeded its competition average by 8 percent. Additionally, FNB&T originates and sells a large volume of residential real estate loans on the secondary market. Loan sales effectively lower the LTD ratio. For the last two years, FNB&T sold 1,007 residential real estate loans totaling \$101,826,789 to FNMA and 102 loans totaling \$5,368,275 to Wyoming Community Development Authority.

Lending in Assessment Area

A substantial majority of the number and dollar amount of loans in the loan sample are inside the bank's AA's. This exceeds the standards for satisfactory performance.

Specifically, 93 percent of the number and 92 percent of the dollar volume of all the bank's loans originated during the review period were made within the assessment area. We determined the percentage of loans within the AA from bank-generated reports of loan originations. Our review focused on the bank's primary loan products, commercial, real estate and consumer loans. The following table shows the distribution of loans by number and dollar amount.

Table 1 - Lending in Park and Big Horn Counties										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Commercial	515	25%	33	2%	27%	35,998	29%	6,173	5%	34%
Consumer	630	30%	71	3%	33%	5,915	5%	653	1%	6%
Real Estate	796	38%	39	2%	40%	70,481	58%	3,205	2%	60%
Totals	1,941	93%	143	7%	100%	112,395	92%	10,030	9%	100%

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

Given the demographics of the AA, the distribution of loans originated reflects an excellent penetration among borrowers of different incomes, and businesses and farms of different sizes.

To determine the bank's performance of lending to borrowers of different incomes, we sampled 33 1-4 residential purchase loans originated from January 1, 2003 to December 31, 2003. Bank management demonstrated good performance in originating home loans for low- and moderate-income borrowers. Management also originated 14 residential real estate loans for \$2,024,823 that did not meet the secondary market standards and are not eligible for purchase. Refer to the table below.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Park and Big Horn Counties								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential RE	21%	3%	22%	24%	24%	24%	35%	48%

The bank exceeds both the business and farm demographic for loans to borrowers with revenues of \$1 million or less by percent of dollar amount and percent of number of loans. Refer to the tables below.

Table 2A - Borrower Distribution of Loans to Businesses in Park and Big Horn Counties				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73%	4%	22%*	100%
% of Bank Loans in AA by #	78%	22%	0	100%
% of Bank Loans in AA by \$	63%	37%	0	100%

*Source: Loan sample; Dunn and Bradstreet data. *22% of AA businesses did not report revenue data*

The bank's participation in various farm loan programs offered by the Farm Service Agency, assists bank management in making small farm loans. The bank originated 7 FSA Guaranty loans for a total of \$1,648,882.

Table 2A - Borrower Distribution of Loans to Farms in Park and Big Horn Counties				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	93%	6%	1%*	100%
% of Bank Loans in AA by #	100%	0	0	100%
% of Bank Loans in AA by \$	100%	0	0	100%

Source: Loan sample; Dunn and Bradstreet data. * 1% of AA businesses did not report revenue data

In addition to sampling loans, bank management developed a proxy for analyzing its distribution of consumer loans by income level within the assessment area. After discussions with management, we determined that low- and moderate-income borrowers would normally seek loans in amounts of \$10,000 or less. Borrowers use these loans for home improvements, new or used auto purchase, and other secured/unsecured needs. The current analysis shows that 71 percent of consumer loans are less than \$10,400.

Geographic Distribution of Loans

First National Bank and Trust’s assessment area contains sufficient diversity to make a geographic distribution analysis meaningful. The assessment areas consist of six census tracts; five are middle-income and one is moderate-income. The geographic distribution of loans is reasonable. Reference the tables below.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Park and Big Horn Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential RE	0	0	16%	58%	84%	42%	0	0

Source: Loan sample and 2000 U.S. Census Data

Table 3A - Geographic Distribution of Loans to Businesses in Park and Big Horn Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
	0	0	94%	31%	93%	69%	0	0

Source: Loan sample and 2000 U.S. Census Data

Table 3A - Geographic Distribution of Loans to Farms in Park and Big Horn Counties								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
	0	0	6%	3%	7%	97%	0	0

Source: Loan sample and 2000 U.S. Census Data

Services

First National Bank & Trust's services significantly add to their lending activities within its assessment area. FNB&T donates staff experience to serve on community development projects and has made contributions that include but are not limited to:

- Habitat for Humanity – The bank was a major private contributor to the development of the Habitat for Humanity project in Powell by donating \$18,500 and technical assistance.
- The Surrey Senior Housing Project – FNB&T provided leadership and financing in the development of the project designed to provide needed rental housing for low-moderate income persons age 50 and over. The bank worked with Wyoming Housing Opportunities Association, to assess the need for these low-moderate income rental-housing units. Bank personnel also assisted in the successful application for an \$80,000 grant from the Federal Home Loan Bank of Seattle. The bank also provided \$200,092 in direct financing for the project.
- The Heartland Assisted Living Facility Project – The bank served as the lead bank in providing a \$1,682,650 loan to finance the project, joining with Big Horn Federal Savings and Loan in this loan to the hospital and nursing home.
- Lovell Affordable Housing Project – In cooperation with the Town of Lovell and the non-profit Wyoming Housing Opportunities Association the bank partnered with the Federal Home Loan Bank of Seattle to obtain a \$139,980 AHP (Affordable Housing Project) grant to provide a subsidy of \$6,999 for each of the four initially developed homes. The bank also donated \$5,000 in marketing and promotion costs.
- Home\$tart Program – The bank actively participates in the Home\$tart down payment assistance program operated through the Federal Home Loan Bank of Seattle.
- U.S. Senator Mike Enzi honored First National Bank and Trust in July 2002 with the Community ADVANCEment award given annually by the Federal Home Loan Bank of Seattle. This award is given to financial institutions in a community or geographic area in an eight-state region. FNB&T was selected because of their active participation in creating affordable housing and economic development solutions to support their communities. They were especially effective in creating affordable housing in rural communities.

- First National Bank and Trust was named as one of Wyoming's top five business-friendly banks, according to a report issued by the Office of Advocacy of the U.S. Small Business Administration.

Responses to Complaint

FNB&T did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.