



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

December 01, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Wyoming
Charter Number: 9428

120 West Camden-Wyoming Avenue
Wyoming, DE 19934

Office of the Comptroller of the Currency

Eastern Pennsylvania Field Office
Four Greenwood Square
3325 Street Road, Suite 120
Bensalem, PA 19020

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 Satisfactory.

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The First National Bank of Wyoming's (FNBW) distribution of loans represents excellent penetration among individuals of different income levels and businesses of different sizes.
- FNBW's geographical distribution of loans reflects a reasonable penetration throughout the assessment area.
- FNBW's loan-to-deposit ratio is more than reasonable.
- A substantial majority of FNBW's primary loan products were originated within the bank's assessment area.
- FNBW's responsiveness to community development needs and opportunities in its assessment area is adequate.

Scope of Examination

The First National Bank of Wyoming (FNBW) was evaluated under the Intermediate Small Bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The lending test for FNBW covers its performance from January 1, 2006 through September 30, 2008, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the CD test is from November 25, 2003 through December 1, 2008. CD loans, investments and services submitted by management were verified to ensure that they met the regulatory definition for community development.

FNBW's primary loan products are home mortgage and small business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home mortgage

performance. To evaluate the bank’s small business lending performance, we selected a sample of thirty Community Reinvestment Act (CRA) small business loans made from January 1, 2006 through September 30, 2008.

Description of Institution

FNBW is a full-service intrastate bank headquartered in Wyoming, Delaware. As of September 30, 2008, FNBW had total assets of \$305 million and tier one capital of \$51 million. FNBW is wholly owned by First Wyoming Financial Corp., a one-bank holding company with consolidated assets of \$305 million. The bank does not have any subsidiaries; however, it does own a 33% stake of Delmarva Bank Data Processing Center, Inc., located in Easton, Maryland. However, neither of the above entities were considered in the evaluation.

The bank offers a full range of deposit and loan products and services. Residential mortgage and small business lending are FNBW’s primary loan products. Within the residential mortgage portfolio, the bank originates long-term mortgage loans for sale on the secondary market. Deposit products and services include free personal and business checking accounts as well as free internet banking and bill pay.

In addition to the main office, FNBW operates five full-service branches, all with drive-up, deposit-taking ATMs. Branches are open weekdays from 8:30 am until 5:00 pm, and Fridays until 6:00 pm. Saturday hours are available at all locations, except the Canterbury Office, from 8:30am to 1:00 pm. FNBW did not open or close any branches during the evaluation period.

As of September 30, 2008, FNBW reported net loans of \$230 million and had a net loans and leases to total assets ratio of 75%. The total loan portfolio of \$233 million is 93% real estate, 4% commercial & other loans, and 4% consumer.

Loan Portfolio Summary by Loan Product September 30, 2008	
Loan Category	% of Gross Loans and Leases
Home Mortgage Loans	33.4%
Commercial RE Loans	44.8%
Commercial & Industrial	3.5%
Consumer Loans	3.5%
Construction and Land Development	14.5%
Other Loans	0.3%

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated “Satisfactory” at the last CRA examination

using small bank procedures dated November 24, 2003.

Description of Assessment Area

FNBW has one assessment area in Central Delaware, which is described below.

FNBW's Assessment Area (AA)

FNBW's AA is comprised of one complete county in Delaware; Kent County. Kent County is located in Central Delaware and comprises the Dover, DE Metropolitan Statistical Area (MSA). FNBW's current Kent County AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Here is a summary of some demographic information for the AA:

Demographic Information for Kent County AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	34	0%	8.82%	73.53%	17.65%
Population by Geography	126,697	0%	8.88%	77.69%	13.42%
Owner-Occupied Housing by Geography	33,048	0%	5.30%	82.64%	12.06%
Businesses by Geography	9,963	0%	9.00%	77.42%	13.58%
Farms by Geography	411	0%	6.57%	83.94%	9.49%
Family Distribution by Income Level	33,688	18.78%	18.66%	23.18%	39.38%
Household Distribution by Income Level	47,199	22.13%	16.78%	21.25%	39.84%
Census Median Family Income (MFI)		\$46,506	Median Housing Value		\$104,047
HUD-Adjusted MFI: 2008		\$55,300	Families Below the Poverty Level		10.17%
			Unemployment Rate		5.2%*

Source: 2000 U.S. Census Data

*Dover, DE MSA 10/08 unemployment rate, not seasonally adjusted

The current local economy for Kent County, Delaware can be described as declining. The current nationwide recession has hampered growth within the AA, although the county's diversified economy has helped it weather the downturn somewhat. The primary industries in the area are agriculture, government/military, health care, and education. Major employers in Kent County include the Dover Air Force Base, Bayhealth Medical Center, Perdue Farms, Playtex Products, Kraft Foods, and the state government. The unemployment rate not seasonally adjusted, as of October 2008, for the Dover, DE MSA is 5.2 percent, which is up considerably from 3.7 percent in October 2007. However, this still compares favorably to the current national

unemployment rate of 6.5 percent.

FNBW operates in a highly competitive market, with competition from large regional institutions, mortgage companies, savings banks, credit unions, and captive finance companies. The bank's competitors include Wilmington Trust Company, PNC Bank, RBS Citizens N.A., and Wachovia Bank.

We held discussions with bank management to determine what they felt were the lending needs in the community. We were informed that residential real-estate loans to low- and moderate-income borrowers are always a need within the community as well as providing financing to local small businesses which help the economic development of the area.

In conducting the assessment of the bank's performance, we contacted a local economic development organization. The contact indicated there was a need for more small business lending and affordable housing for low- and moderate-income individuals and families. The contact stated that the national economic downturn is hurting Kent County and would like to see more cooperation and partnerships between financial institutions and local community development organizations. The contact also mentioned the need for additional financing to small and start-up businesses as well as a greater effort to help out troubled home-owners.

Conclusions with Respect to Performance Tests

LENDING TEST

FNBW's performance under the lending test is outstanding. FNBW's loan-to-deposit ratio is more than reasonable. A substantial majority of FNBW's primary loan products are within FNBW's AA. FNBW was found to have excellent dispersion among borrowers of different income levels and businesses of different sizes. FNBW's geographical distribution of loans was reasonable, and took into account the AA does not contain any low-income census tracts.

All criteria of the lending test are documented below:

Loan-to-Deposit Ratio

FNBW's net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA's credit needs. The bank's net loan-to-deposit ratio averaged 87.09% over the last 19 quarters since the previous CRA examination. This ratio ranged from a quarterly low of 77.68% to a quarterly high of 96.44% during the time period. The bank sells mortgages to the secondary market. During the evaluation period, FNBW sold over \$10 million of their home loans to

the secondary market. If FNBW had retained the loans, their loan to deposit ratio would have been slightly higher.

The bank's net loan-to-deposit ratio compares favorably with other financial institutions of similar size, location and product offerings. The average net loan-to-deposit ratio for the nation-wide peer over the same 19 quarters was 83.65%. The peer ratio ranged from a quarterly low of 79.24% to a quarterly high of 91.11% during the time period.

Lending in Assessment Area

A substantial majority of FNBW's primary loan products were made within the bank's AA. The following table details the bank's lending within the AA by number and dollar amount of loans. Ninety-two percent of both the number and dollar amount of loans originated in these primary loan products were made within the AA.

Table 1 - Lending in Kent County AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	96	96.00	4	4.00	100	13,382	90.16	1,460	9.84	14,842
Home Refinance	157	91.81	14	8.19	171	15,458	91.97	1,349	8.03	16,807
Home Improvement	178	90.82	18	9.18	196	5,943	88.53	770	11.47	6,713
Business	27	90.00	3	10.00	30	4,741	98.94	51	1.06	4,792
Totals	458	92.15	39	7.85	497	39,524	91.59	3,630	8.41	43,154

Source: HMDA data and sampled business loan data 1/1/2006-9/30/2008

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

The distribution of loans for the bank's AA reflects an excellent penetration among individuals of different income levels and businesses of different sizes.

Home Loans

The distribution of home loans to borrowers reflects excellent penetration among borrowers of different income levels.

The percent of home improvement loans originated to low-income borrowers meets the percent of low-income families in the AA. The percent of home purchases and refinances is significantly lower than the percent of low-income families in the AA. Lending opportunities to this group are limited given the median home price in the AA of \$104,047. The maximum income which is considered low-income is \$27,650. Therefore, low-income borrowers would have difficulty qualifying for a home purchase loan. This is reflected in the low number

of home purchase and refinance loans originated in the 2007 peer mortgage market share data. Only 178 home purchase loans and 155 refinance loans were originated in 2007 to low-income families which represent only 3.70% of the total home purchase loans and 3.74% of the total home refinance loans originated within FNBW's AA. This is well below the 18.7% of the families which are low-income.

Although market competition for these home mortgage loans is very competitive, FNBW has done well originating home purchase and refinance loans to low-income families given their small size. According to the 2007 peer mortgage market share data, FNBW ranks 12th out of 42 lenders by count, with a market share of 2.25%, for home purchases and 8th out of 58 lenders by count, with a market share of 3.23%, for refinances to low-income families within the AA. This is considered outstanding, as the bank's overall market share for home mortgage loans in the AA was 1.42%. In addition, the top 5 lenders for both home purchases and refinances were made up of very large national institutions and dominated almost 50% of the market share for home purchases and over 37% of the market share for refinances to low-income families within the AA.

The percent of all home loans to moderate-income borrowers significantly exceeds the percent of moderate-income families in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2006 through September 30, 2008 as compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Kent County AA								
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
Home Purchase	18.78	5.32	18.66	21.28	23.18	36.17	39.38	37.23
Home Improvement	18.78	17.82	18.66	31.03	23.18	23.56	39.38	27.59
Home Refinance	18.78	7.45	18.66	23.60	23.18	32.92	39.38	36.02

Source: HMDA data for 1/1/2006-9/30/2008 and HUD-updated 2000 U.S. Census data

Business Loans

The distribution of loans to businesses reflects excellent penetration among businesses of different sizes. During the loan sampling period, 73.33% of bank loans (by number) and 85.32% (by dollar amount) generated were to small businesses with gross annual revenues of one million dollars or less. This is considered excellent compared to demographic data that shows 61.94% of the area's businesses are considered small businesses. Another indication the bank is lending to small businesses is the size of the loans. We found that 80% of the business loans in our sample were loans under \$250 thousand and the average

loan amount was \$78 thousand, which provides additional support for an excellent distribution of loans to small businesses.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in Kent County AA				
Business Revenues (or Sales)	< \$1,000,000	≥\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	61.94	4.51	33.55	100%
% of Bank Loans in AA by #	73.33	26.67	0.00	100%
% of Bank Loans in AA by \$	85.32	14.68	0.00	100%

Source: small business loans sampled from 1/1/2006 to 9/30/2008 and 2000 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the bank's AA.

There was a conspicuous gap of loans identified for one moderate-income census tract (0411.00) located in the AA. The HMDA data identified no home-mortgage loans being made within the census tract during the evaluation period, and through our sample, we determined no small business loans were originated as well. After discussing this with management, it was determined that the census tract is comprised of the Dover Air Force Base and almost all of the land within the tract is owned by the US Government. Out of 1,268 housing units in the tract, only 16 are owner-occupied. Therefore, opportunities to lend are very limited.

The bank's AA contains no low-income census tracts. Therefore, we did not evaluate lending in these areas.

Home Loans

The bank's geographic distribution of home loans in FNBW's AA reflects a reasonable dispersion throughout the moderate-income census tracts.

The percent of lending for home improvement loans in the moderate-income geographies significantly exceeds the percent of owner-occupied housing in these geographies. The percent of lending for home refinancing in the moderate-income geographies meets the percent of owner-occupied units. The percent of lending for home purchase loans in the moderate-income geographies is somewhat lower than the percent of owner-occupied units. Again, home purchase lending in these moderate-income geographies is limited given that 54% of the families are low- or moderate-income. Many of these families would have difficulty qualifying for a home purchase loan. Another factor is only 39% of

households in moderate-income census tracts are owner-occupied which further limits home purchase and refinancing opportunities.

Following is a table that details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 – Geographic Distribution of Residential Real Estate Loans in Kent County AA								
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
Home Purchase	N/A	N/A	5.30	3.19	82.64	88.30	12.06	8.51
Home Improvement	N/A	N/A	5.30	9.14	82.64	85.71	12.06	5.14
Home Refinance	N/A	N/A	5.30	5.59	82.64	86.96	12.06	7.45

Source: HMDA data for 1/1/2006-9/30/2008 and 2000 U.S. Census data

Business Loans

The bank’s geographic distribution of business loans reflects reasonable dispersion throughout the moderate-income census tracts. Although the percentage of small business loans FNBW originated in moderate-income census tracts was lower than the percentage of small businesses located in moderate-income census tracts, FNBW’s performance is still considered reasonable given the low number of small businesses (817) in the three moderate-income census tracts. In addition, strong competition from large regional banks and credit unions make it difficult for a bank of FNBW’s size to generate loans of this type.

Following is a table that details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Table 3A – Geographic Distribution of Loans to Businesses in Kent County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	N/A	N/A	8.66%	3.33%	78.30%	86.67%	13.04%	10.00%

Source: small business loans sampled from 1/1/2006 to 9/30/2008 and 2000 U.S. Census data.

Responses to Complaints

FNBW did not receive any CRA complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated satisfactory. The bank's level of CD activities is considered adequate given its size and capacity, considering the CD needs and opportunities of its AA. During the evaluation period, FNBW's 38 community development loans equaling almost 1% of tier one capital demonstrated good responsiveness to the community development needs of its AA. That performance, along with the adequate responsiveness to community development needs, the extent to which the bank provides community development services, and the \$45 thousand worth of qualified donations made offset the lack of any CRA qualified investments.

Number and Amount of Community Development Loans

During this evaluation period, FNBW originated or participated in thirty-eight community development loans to two different organizations totaling \$435 thousand, which represents approximately one percent of Tier 1 capital.

A summary of the CD loans follows:

- Thirty-seven loans of varying amounts totaling \$217 thousand to the Delaware Community Investment Corporation (DCIC) whose mission is to serve as a vehicle for community revitalization by taking direct action through the financing of, and investments in, housing and related activities designed to address the needs of low to moderate income persons and areas; and to aggregate and coordinate the use of public resources to improve and expand community development throughout Delaware.
- A \$218 thousand loan to the House of Pride whose mission is to help the homeless and drug-addicts of the local community get clean and back on their feet.

Number and Amount of Qualified Investments

During the evaluation period, FNBW made 17 qualifying grants and donations totaling almost \$45 thousand in the AA. This represents roughly 0.1 percent of Tier 1 Capital. These grants and donations benefit low- and moderate-income individuals and families as well as small businesses within the assessment area. Included in the \$45 thousand, is an in-kind donation of \$27 thousand to the Habitat for Humanity, as the bank currently rents out a property to the organization at no cost. Assuming an average rental rate of \$900/month, the bank could have earned \$27 thousand in the open market over the past 30 months the lease has been in existence.

FNBW made no qualifying community development investments during the evaluation period. Investment opportunities are limited in the Kent County AA

and are extremely hard to come by given FNBW's small size and the fierce competition for such opportunities.

Extent to Which the Bank Provides Community Development Services

Of FNBW's six branches, one is located in a moderate-income census tract, and one is adjacent to a moderate-income census tract. The presence of full-service branches either in or near the three moderate income tracts is an indication that the bank is helping to provide retail and community development services to the lower-income areas of the AA. This is also evidenced by FNBW's products, which include free personal and business checking accounts with no minimum balance, as well as free internet banking and bill pay. The bank also offers free check-cashing to local migrant workers who are not customers of FNBW. These services generally help to increase access to financial services for low- and moderate-income individuals.

In addition to the deposit products and services offered above, the bank also offers a first time homebuyers program to low- and moderate-income families. The program allows the home buyers to obtain 30-year fixed mortgages with low down payments (5% or more) and below market interest rates. The program has been successful with the bank lending almost \$2 million to fourteen different borrowers since 2004.

During the evaluation period, three bank employees provided financial expertise and leadership services to three different qualifying community development organizations serving the AA. The following are the CD services provided by FNBW in which employees hold key positions:

- **Central Delaware Chamber of Commerce** (The general purpose of this organization is to advance the balanced economic development of Central Delaware by promoting civic, industrial, commercial, agri-business and social interests of the community.)
-Board Member
- **Delaware Bankers Association Financial Education Alliance** (A non-profit private trade association of Delaware banks which provides numerous financial literacy programs targeted to low- and moderate-income individuals.)
-Education Committee Member
- **Habitat for Humanity** (a nonprofit, ecumenical Christian housing ministry which seeks to eliminate poverty housing and homelessness from the world and to make decent shelters for those in need.)
-Assistant Treasurer

Responsiveness to Community Development Needs

FNBW's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in this AA. Identified needs include residential real-estate loans to low- and moderate-income borrowers as well as additional financing to small businesses. FNBW met these needs by originating 37 loans totaling \$217 thousand to the Delaware Community Investment Corporation (DCIC) whose mission is to serve as a vehicle for community revitalization by taking direct action through the financing of, and investments in, housing and related activities designed to address the needs of low to moderate income persons and areas. FNBW also made \$45 thousand worth of qualifying grants and donations to organizations that target affordable housing and economic development. In addition, the bank provides CD services such as a first-time homebuyers program for low- and moderate-income borrowers as well as participating in financial literacy programs targeting low- and moderate-income children and individuals.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.