



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

September 21, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Rock Springs National Bank
Charter Number 4755**

**333 Broadway
Rock Springs, Wyoming 82901**

**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 **Rock Springs National Bank**, 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 reasonable majority of loans within its assessment area.
- The loan distribution reflects satisfactory penetration among individuals of different income levels and businesses of different sizes.
- The bank’s loan-to-deposit ratio is less than reasonable when compared to other local banks. Although, the trend is improving.

The following table indicates the performance level of the Rock Springs National Bank, 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	Not Meaningful		
Response to Complaints	No Complaints Received Since the Prior Examination		

DESCRIPTION OF INSTITUTION

Rock Springs National Bank (RSNB) is the largest independently owned bank in Rock Springs with assets of \$200 million on June 30, 1998. The bank has two offices. The main office is located in Rock Spring's downtown business district, with a branch in a commercial area west of the city center. ATM machines are located at each of the offices and are available to customers 24 hours a day.

The bank specializes in residential real estate, small business, consumer, and agricultural lending. On June 30, 1998, residential real estate loans comprised 44% of outstanding loans, commercial loans 27%, consumer loans 14%, and agricultural loans 15%.

Rock Spring National Bank received a "Satisfactory" rating in the previous CRA Performance Evaluation dated May 9, 1996.

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

RSNB's assessment area consists of six contiguous block numbering areas (BNAs) which include the city of Rock Springs and adjacent populated areas. The assessment area does not arbitrarily exclude any low- or moderate-income areas. Approximately 25,000 people live in the assessment area. The population increased about 10% from 1990 to 1998.

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	14%
Moderate Income (50-79% MFI)	0	14%
Middle Income (80-119% MFI)	2	19%
Upper Income (120+% MFI)	4	53%

DESCRIPTION OF ASSESSMENT AREA (continued)

The trona mining industry is a major employer in Sweetwater county. Trona is an ore that is mined for production of soda ash. Other sources of employment include the oil and gas industry, coal mining, local government and cattle ranching. The local economy has been stable. Mining has been only minimally impacted by weak foreign markets. Residential real estate prices have leveled off in the past year and a half.

We contacted one community development official in the assessment area to discuss economic conditions and credit needs. This individual stated that the local economy is generally stable, and financial institutions are effectively meeting the credit needs of the community.

Strong competition within the assessment area comes from two local community banks, two branches of regional banks, and several credit unions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

RSNB's exhibits a less than 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 34%. The LTD ratio for state and national banks located in Wyoming for the same time period was 62%. Competing state and national banks headquartered in Rock Springs had eight quarter average ratios of 60%. Despite the poor comparison, RSNB's LTD ratio has steadily increased in recent years. In fact, the bank's average LTD ratio was only 26% at the prior CRA examination.

Lending in Assessment Area

The bank makes a reasonable majority of its loans to borrowers located within the assessment area. RSNB originated 1,056 loans in the first eight months of 1998. Of these, 743 (70%) were made in the assessment area. We used bank prepared reports that tracked all loans originated in 1998 within each BNA. We verified the bank's data for accuracy by comparing customer addresses to BNA maps.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

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

RSNB's lending patterns reflect a satisfactory distribution among businesses and individuals of different income levels. RSNB originated 63% of their business loans to entities with gross revenues less than \$250,000. In addition, the bank made 28% of their consumer loans and 12% of their residential real estate loans to low income families. This record compares favorably to the group's 14% representation in the assessment area.

We analyzed the distribution of the 24 business loans made from June 30, 1997 to June 30, 1998. We obtained the gross revenue information from individual 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	11	46 percent
\$100,000 to \$250,000	4	17 percent
\$250,000 to \$500,000	1	4 percent
\$500,000 to \$1,000,000	3	12 percent
Greater than \$1,000,000	5	21 percent

We also reviewed the distribution of consumer and residential real estate loans made from June 30, 1997 to June 30, 1998. We reviewed 25 residential real estate loans and 25 consumer loans and gathered income information from the loan files. The following chart compares 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)	28 percent	12 percent	14 percent
Moderate (\$20,951-\$33,519)	40 percent	16 percent	14 percent
Middle (\$33,520-\$50,279)	24 percent	8 percent	19 percent
Upper (>\$50,280)	8 percent	64 percent	53 percent

Geographic Distribution of Loans

RSNB's assessment area contains insufficient diversity to make a geographic distribution analysis meaningful. The assessment area consists of six BNA's, four of which are upper income and two of which are middle income.

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.