



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

February 18, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Wyoming
Charter Number 15409**

**2020 Grand Avenue
Laramie, WY 82070**

**Comptroller of the Currency
ADC - Northern Colorado
1099 18th Street Suite 2650
Denver, CO 80202**

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.

TABLE OF CONTENTS

INSTITUTION'S CRA RATING.....	1
DESCRIPTION OF INSTITUTION.....	2
DESCRIPTION OF ALBANY AND LARAMIE COUNTIES.....	3
CONCLUSIONS ABOUT PERFORMANCE CRITERIA.....	6

INSTITUTION'S CRA RATING

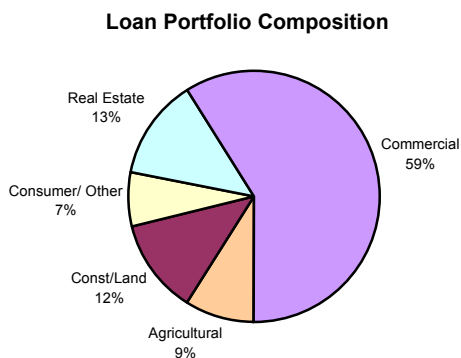
This institution is rated satisfactory.

First National Bank of Wyoming (FNB) is committed to serving the communities in which it operates, and demonstrates satisfactory lending performance. The bank is meeting the credit needs of the communities, including extending loans to low- and moderate-income individuals and small businesses.

- The majority of loans by number and dollar volume are originated within the bank's assessment area.
- The bank's pattern of lending to borrowers of different income levels and businesses of different revenue sizes is reasonable.
- The geographic distribution of loans reflects an adequate dispersion throughout the assessment area.
- The bank's loan-to-deposit ratio is satisfactory given area competition and credit needs of the communities.

DESCRIPTION OF INSTITUTION

FNB is a \$122 million community bank that serves Albany and Laramie County in southeastern Wyoming. The main office is in Laramie, Wyoming. The bank is owned by First National Bank of Wyoming Bankshares, Inc., a one-bank holding company located in Laramie, Wyoming. Total assets for the holding company as of December 31, 2001, are \$8.7 million. The bank has two branches; one is located in Laramie, and one in Cheyenne, Wyoming. The bank has three ATMs, one each located at the main bank and branches. The Cheyenne branch was a loan production office (LPO) until its recent conversion to a branch in April 2001. The bank also has an LPO in Ft. Collins, Colorado. The LPO is not included in this Performance Evaluation as it is not a bank branch and it is located outside of the bank's assessment area (AA).



The bank's primary lending focus is business loans. The chart to the left reflects the composition of the bank's loan portfolio by dollar volume. Commercial loans comprise the largest portion of the portfolio. Real estate loans include 1- to 4-family loans secured by residential properties. Agricultural loans include production and farm loans secured by real estate. Individual consumer loans include auto loans, and other installment loans. The bank also originates residential real estate mortgages and

sells them on the secondary market. Between March 1998 and February 2001, loans sold totaled \$24 million. These loans are not included in the bank's assets.

Net loans represent 64 percent of the bank's total assets.

This Performance Evaluation is an assessment of the bank's CRA performance from February 12, 1998, through February 18, 2002. FNB received a "Satisfactory" rating at its February 11, 1998, CRA evaluation. There are no legal or financial impediments to the bank's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ALBANY AND LARAMIE COUNTIES

Management and the board have designated two contiguous counties as the bank’s assessment area (AA). The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA consists of 14 block numbering areas (BNAs) in Albany County, and 18 census tracts in Laramie County. The BNAs in Albany County are designated as a non-Metropolitan Statistical Area (MSA). The census tracts in Laramie County are included in a designated Metropolitan Statistical Area. For the purposes of this evaluation we will discuss each county’s characteristics separately.

Albany County

Albany County is located in the southeastern portion of Wyoming. It includes the town of Laramie, and the villages of Rock River, Bosler, Woods Landing, Centennial, Tie Siding, and Fox Park. Albany County’s 2000 population is 32,000. Laramie, with a population of approximately 27,000, is the largest city in the county. The other towns have populations of less than 1,000. Laramie is the county seat and also the location of the University of Wyoming. The university has approximately 10,000 students.

The Department of Housing and Urban Development (HUD) 2001 updated non-MSA median family income is \$45,500. Based on U.S. Census data, there are 6,970 families residing within the county, of which 23 percent are low income, 18 percent are moderate income, 22 percent are middle income, and 37 percent are upper income.

Albany County’s 14 BNAs consist geographically of one low-income, four moderate-income, seven middle-income, and one upper-income area(s). One BNA does not have an income designation.

DISTRIBUTION OF GEOGRAPHIES BY INCOME DESIGNATION		
Income Designation	# of Geographies	% of Geographies
Low Income	1	7%
Moderate Income	4	29%
Middle Income	7	50%
Upper Income	1	7%
No Designation	1	7%
Total	14	100%

The county’s low-income BNA consists entirely of University of Wyoming property where no private residential ownership exists. The contiguous moderate-income BNA consists of twice as many renter-occupied properties as owner-occupied properties. The hospital complex also lies within this moderate-income area. The BNA with no designation is comprised of student housing, college classrooms, and a cemetery.

Economic conditions are stable. The University of Wyoming is by far the largest employer in the county with approximately 3,500 employees. The next largest employer is Ivinson Memorial Hospital with approximately 425 employees. A Super Wal-Mart recently opened in Laramie, resulting in an increase in retail jobs. The majority of the other businesses in the county are small, independently owned storefronts and other service providers. The 2001 unemployment rate for Albany County is approximately 1.6 percent and below the Wyoming rate of 3.4 percent. The bank faces competition from six banks operating within Albany County. Two financial institutions are branches of regional banks headquartered outside the state and four are national banks. FNB has a deposit market share of 31 percent in Albany County, ranking it second in deposits for the county.

Residential building permits in 2000 decreased in Albany County from 1999 levels by 49 percent, whereas the state of Wyoming's level declined 1 percent over the same period. The majority of new housing is targeted to higher income families. Housing costs are high, limiting the investment in affordable housing. Rental costs have increased steadily due to the large student population. The affordable housing is frequently purchased as rental property, further limiting availability of housing for low- and moderate-income borrowers.

We made one community contact during this review. We discussed community credit needs with a city government official. The contact indicated the economy is stable and showing slight growth in Laramie. There is a lack of affordable housing brought about by the high cost of real estate and the low average wage in the community. This is making affordable housing unfeasible to develop. The city is finalizing an economic and housing study that identifies economic needs in the community.

Laramie County

Laramie County, in its entirety, comprises the Cheyenne, Wyoming MSA. The county is east of Albany County and occupies the southeastern edge of Wyoming. It includes the city of Cheyenne, and the villages of Albin, Burns, Hillsdale, and Pine Bluffs. Laramie County's 2000 population is 82,000 and is the most populated county in Wyoming. Cheyenne, with a population of 53,000, is the largest city in the county. Cheyenne is the capital of Wyoming. Approximately 65 percent of the county population resides in Cheyenne.

The HUD 2001 updated MSA median family income is \$45,800. Based on U.S. Census data, there are 20,127 families residing within the county, of which 19 percent are low income, 19 percent are moderate income, 24 percent are middle income, and 38 percent are upper income.

Laramie County's 18 census tracts consist geographically of seven moderate-income, seven middle income, and four upper-income tracts. There are no low-income tracts in the county.

DISTRIBUTION OF GEOGRAPHIES BY INCOME DESIGNATION		
Income Designation	# of Geographies	% of Geographies
Low Income	0	0%
Moderate Income	7	39%
Middle Income	7	39%
Upper Income	4	22%
Total	18	100%

One of the county’s seven moderate-income census tracts consists entirely of Francis E. Warren Air Force Base, where there is no private ownership of residential housing. The air force base is by far the largest employer in Laramie County with approximately 4,300 employees. The State of Wyoming accounts for 2,500 jobs and the federal government provides 1,800 jobs.

Economic conditions are stable. Farming and ranching play a prominent role in Laramie County, with over 80 percent of the land in the county used for rangeland and cropland. However, only 2 percent of the county labor force is employed in ranching. Over 65 percent of county employment is private sector, service-related jobs. Federal and state jobs account for approximately 24 percent of county employment. Cheyenne lies along the corridor of two interstate highways, I-25 and I-80, drawing shoppers from rural areas into the city. The 2001 unemployment rate for Laramie County is approximately 3 percent, significantly lower than the U.S. unemployment rate of 6 percent.

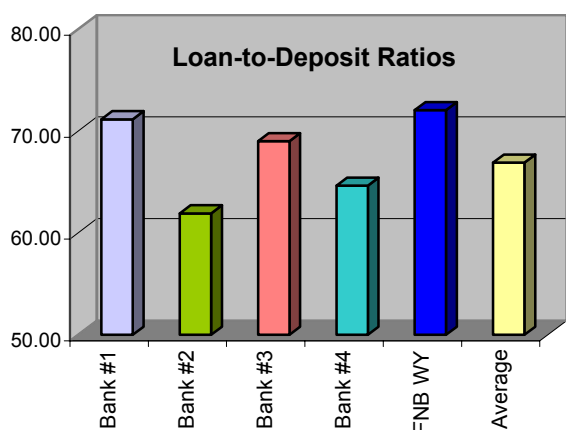
FNB faces stiff competition from 13 financial institutions operating in Laramie County. Two are regional banks with headquarters located out-of-state, five are national banks, and six are state banks. FNB’s deposit share in Cheyenne is 1.8 percent of the deposits in the county, which is not a significant presence.

Residential building permits in 2000 declined in Laramie County from a 1999 level by 11 percent, while the State of Wyoming’s level decreased less than 1 percent. This impacted the availability of housing in the community.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

FNB does a satisfactory job of meeting the credit needs of its AA, including low- and moderate-income individuals.

Loan-to-Deposit Ratio



The loan-to-deposit ratio is satisfactory. As of September 30, 2001, the bank's quarterly average loan-to-deposit ratio calculated since the previous CRA Evaluation was 72 percent. The quarterly average loan-to-deposit ratios over the same time period for similarly situated banks ranges between 62 percent and 72 percent. Similarly situated banks are those banks of comparable asset size or product mix operating within the assessment area. FNB's loan-to-deposit ratio does not include the residential mortgage loans originated and sold on the secondary market. If these loans were kept in the bank's portfolio, the ratio would be considerably higher.

Lending in the Assessment Area

The bank's level of lending within the AA is satisfactory. Our sample of commercial and residential real estate loans originated since the previous CRA examination indicates the majority of loans, by number and dollar volume, are originated within the AA. The following table illustrates these findings.

Loan Type	Loans in the AA Based on the Number of Loans in the Sample	Loans in the AA Based on the Dollar Volume of Loans in the Sample
Commercial Loans	85 %	84 %
Residential Real Estate Loans	85 %	78 %

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank's pattern of lending to borrowers of different income levels and businesses of different revenue sizes is reasonable. We analyzed a sample of 20 commercial loans originated since the previous CRA examination. We also sampled 20 residential real estate-secured mortgage loans. The results of our findings are detailed in the following tables.

Commercial Loans

Businesses with annual gross revenues of \$1 million or less are designated as “small businesses.” The AA demographic data indicates 94 percent of all businesses reporting income in 2000 had annual revenues under \$1 million.

The percentages of FNB’s loans originated to small businesses by number and dollar volume were 80 percent and 67 percent, respectively. Of the sampled loans, 70 percent were to very small businesses with revenues under \$500 thousand. This underscores the bank’s commitment to support small businesses within the AA. The following table illustrates the distribution of loans by number and dollar volume to businesses in the bank’s AA.

Distribution of Commercial Loans to Businesses by Gross Annual Revenue				
Revenue Size \$(000’s)	Dollar Amount \$(000’s)	% of Dollar Volume	Number of Loans	% of Number of Loans
\$0-250	1,768	46%	11	55%
\$250-499	615	16%	3	15%
\$500-\$1,000	190	5%	2	10%
Over \$1,000	1,302	33%	4	20%
Total	3,875	100%	20	100%

Residential Real Estate

We analyzed a sample of real estate loans for both the non-MSA and MSA portions of the AA. Only the income distribution in Albany County, the non-MSA area, had meaningful information regarding the bank’s lending to borrowers of all income levels. Laramie County does not have a sufficient number of residential real estate loans in the sample to make analysis meaningful. Laramie County was added to the bank’s AA 10 months ago when the Cheyenne LPO became a branch. There was no real estate loan officer located at the branch, and real estate lending is not a primary lending focus. Real estate loan applications received at the Cheyenne branch are forwarded to Laramie for completion, where the majority of loans are sold on the secondary market.

To determine the bank’s pattern of lending to borrowers of all income levels, we analyzed loans originated in Albany County, the non-MSA portion of the AA. Using this information, our analysis of real estate loans secured by first-lien positions produced the following findings:

Income Designation of Borrower	% of Families in the AA	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	23%	6%	3%
Moderate	17%	38%	31%
Middle	23%	18%	23%
Upper	37%	38%	43%
Total	100%	100%	100%

The bank’s lending pattern demonstrates that loans made to low- and moderate-income borrowers are reasonable given area demographics and the bank’s product focus. The loans originated to low-income borrowers are below demographics. The availability of moderately priced housing is low due to the frequent purchase of these properties as investments for student housing. There are also a high percentage of families in Albany County that are below the poverty level. These borrowers frequently cannot afford to purchase real estate. Portions of the low-income families are also university students and are not seeking permanent housing. Loans originated to moderate-income borrowers are significantly above demographics. The bank has a number of programs available, including Wyoming Community Development Authority (WCDA) financing, first-time homebuyer loans, and down-payment assistance for qualified homebuyers. Bank management is currently pursuing the possibility of financing a low- and moderate-income housing project to provide additional housing in the community.

Geographic Distribution of Loans

The geographic distribution of loans reflects an adequate dispersion throughout the assessment area. We analyzed a sample of commercial and real estate loans to determine the level of lending in each of the AA’s geographic areas. The results are outlined in the following tables.

Geographic Distribution of Commercial Loans			
Income Designation of Geographic Tract	% of Businesses in the Tract	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	1%	0%	0%
Moderate	48%	35%	23%
Middle	38%	45%	34%
Upper	13%	20%	43%
Total	100%	100%	100%

Analysis shows that, compared to the percentage of businesses in the AA, FNB’s loans are below demographic levels for commercial loans in moderate-income tracts. Seventy-five percent of the loans in our sample were extended in the Laramie area, which has fewer moderate-income areas than the Cheyenne portion of the AA. The recent addition of Laramie County to the bank’s AA, and significant competition for loans in the Cheyenne area, explains the adequate performance in moderate-income geographies.

The geographic distribution of real estate loans was analyzed and the results are contained in the following table.

Geographic Distribution of Real Estate Loans			
Income Designation of Geographic Tract	% of Owner Occupied Housing	% of Sample Loans by Number	% of Sample Loans by Dollar Volume
Low	0%	0%	0%
Moderate	28%	20%	22%
Middle	49%	65%	67%
Upper	23%	15%	11%
Total	100%	100%	100%

The above table demonstrates that FNB is extending real estate loans in all geographic areas in its AA. It is below demographics for moderate-income tracts, but compares adequately to area demographics given the bank's product focus. Presently, the majority of real estate loans are extended in Albany County, as the bank does not yet have a strong presence in the Laramie County market. Eighty percent of the loans in our sample were extended in Albany County. Opportunities to lend in the moderate-income tracts of the Cheyenne portion of the AA are limited because renter-occupied housing is twice as high as owner-occupied units in these tracts. Over half of the residential units in the moderate-income areas are multi-family units, further impacting the availability of moderately priced housing.

Responses to Complaints

The bank has not received any CRA-related complaints since the previous evaluation.

Fair Lending Review

An analysis of public comments and consumer complaint information for four years was performed according to the OCC's risk-based fair lending approach. Based on this analysis of information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending examination was performed January 5, 1998.