



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

June 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank, Torrington
Charter Number 14506**

**2120 Main Street
Torrington, Wyoming 82240**

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

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 (CRA) 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 **First National Bank, Torrington** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 27, 1997. 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.**”

First National Bank, Torrington (FNB) is committed to serving the community in which it operates and has demonstrated satisfactory lending performance. Its loan-to-deposit ratio is reasonable given the bank's size and financial condition and assessment area credit needs. The bank has originated a substantial majority of loans within its assessment areas. Overall, lending activity shows reasonable penetration among borrowers of different income levels and businesses of different sizes.

DESCRIPTION OF INSTITUTION:

FNB is a community bank located in Torrington, Wyoming. The bank has one branch located 10 miles north in Lingle, Wyoming. The bank also has one full-service automated teller machine located at the main office which is available 24 hours a day. The bank is wholly owned by First Nebraska Banks, Inc. (FNBI), a two-bank holding company with total assets of \$8.4 million. FNBI is located in Sidney, Nebraska.

As of March 31, 1997, FNB had \$61.5 million in total assets. Loans totaling \$31 million represent 50% of total assets as of the same date. The bank's credit products are agricultural (71%), real estate (21%), consumer (5%), and commercial (12%). The bank's primary credit product by dollar volume is agricultural and the primary product by number of loans is consumer.

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

DESCRIPTION OF THE BANK'S ASSESSMENT AREA:

The bank has three assessment areas. The first assessment area has a total population of 34,145 and encompasses the four non-MSA counties of Goshen, Converse, Platte, and Niobrara in Wyoming. Laramie County, Wyoming, also known as the Cheyenne Metropolitan Statistical Area (MSA), represents the bank's second assessment area. Laramie County has a population of 73,142. The third area lies in Nebraska and includes three non-MSA counties of Sioux, Scotts Bluff, and Banner. The third area has a total population of 38,426. The combined assessment areas include 50 census tracts or block numbering areas (BNAs). The assessment areas include several small communities as well as the cities of Cheyenne, Wyoming and Scottsbluff, Nebraska.

The assessment areas are primarily rural with local economies centered in agriculture, both crops and cattle. Major crops in the area are sugar beets, hay, corn, and beans. Unemployment is low in the assessment areas. According to 1990 census data, unemployed labor in Nebraska and Wyoming represents 2% and 3% of the population, respectively.

The city of Torrington lies in Goshen County and has a population of approximately 5700. Major employers in Torrington are Goshen County School District, Holly Sugar, and the county government.

The following tables reflect the demographic composition of the assessment areas by MSA and Non-MSA. Based on the 1990 Census median-family income, it shows the bank's assessment areas are primarily moderate- and middle-income census tract BNAs and contains only one low-income area.

ASSESSMENT AREA COMPOSITION

Tract Characteristics - Non-MSA				
Census Tract Type	Wyoming		Nebraska	
	#	% of Total	#	% of Total
Low Income	1	5%	0	0%
Moderate Income	6	32%	3	23%
Middle Income	12	63%	9	69%
Upper Income	0	0%	1	8%
Total BNA Tracts	19	100%	13	100%

Tract Characteristics - Cheyenne MSA		
Census Tract Type	Laramie County	
	#	% of Total
Low Income	0	0%
Moderate Income	7	39%
Middle Income	7	39%
Upper Income	4	22%
Total Census Tracts	18	100%

The following table shows that the assessment areas have a wide distribution of households at all income levels. The Wyoming non-MSA area has the largest population (45%) of low- and moderate-income families.

PERCENTAGE OF FAMILIES WITHIN ALL TRACTS BY INCOME LEVEL						
Income Level	Wyoming Non-MSA		Nebraska Non-MSA		Cheyenne MSA	
	#	% of Total	#	% of Total	#	% of Total
Low Income	2,381	25%	2,283	21%	3,792	19%
Moderate Income	1,933	20%	2,161	20%	3,824	19%
Middle Income	2,246	23%	2,543	24%	4,781	24%
Upper Income	3,031	32%	3,767	35%	7,730	38%
Total	9,591	100%	10,754	100%	20,127	100%

Note: The table above is based on 1990 U.S. Census data. The 1990 Census median-family income for the Cheyenne MSA is \$32,587. The 1990 census non-MSA statewide median-family income for Wyoming is \$32,096 and for Nebraska is \$27,623.

The bank faces stiff competition throughout the assessment areas. The bank's primary competition in Torrington comes from four other financial institutions. Torrington has one other independent community bank, one thrift, and two regional bank branches. In addition to several community banks in the surrounding towns, the bank competes against regional banks in the nearby cities of Cheyenne, Wyoming and Scottsbluff, Nebraska.

We reviewed the results of one community contact performed by the Federal Reserve Bank of Kansas City in 1995. This contact was a representative with the city of Torrington. In addition, we made two other community contacts during this review. We spoke to representatives from Goshen County and one economic development organization. Credit needs identified through these contacts were related mainly to small business lending. The contacts stated that financial institutions are sufficiently meeting the credit needs of the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

FNB's overall lending level is reasonable given the bank's size, financial condition, assessment area credit needs, and comparison to other banks within the assessment area. During the eight quarters ending March 31, 1997, FNB's net loan-to-deposit ratio ranged from 50% to 58%, resulting in a 55% average. This is comparable to seven other similarly situated banks within the Wyoming and Nebraska assessment areas. These banks were selected based on asset size, location, and similar business focus. Their eight-quarter average loan-to-deposit ratios for the same time period ranged from 37% to 79%, resulting in a 58% average. In addition, the loan-to-deposit ratio for 17 community national banks located in Wyoming averaged 55.3% over the same period.

Lending in the Assessment Area

The bank originates a substantial majority of its loans, in both number and dollar volume within the bank's assessment area. Our review found that 93% by number and 72% by dollar volume of agricultural and consumer loans made in 1996 were within its assessment area.

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

FNB's lending patterns show an excellent distribution of loans among individuals, farms, and businesses of different income levels. Loan originations show an emphasis towards low- and moderate-income borrowers and compares favorably to assessment area demographics. We sampled 45 consumer loans originated from January 1996 to June 1997. We compared each borrower's income to Wyoming median-family income. All loans in our sample fell into the Wyoming non-MSA assessment area. The results of our sample are summarized in the following table:

Lending to Borrowers of Different Incomes			
Income Designation of Borrower	% of Families in the Assessment Area	# of Loans Based on Sample	% of Loans Based on Sample
Low	25%	17	38%
Moderate	20%	13	29%
Middle	23%	8	18%
Upper	32%	7	15%
TOTAL	100%	45	100%

Note: The 1997 Department of Housing and Urban Development (HUD) median-family income for non-MSA areas of Wyoming was \$40,500.

A substantial majority of the bank's commercial and agricultural loans are to small farms and small businesses. We sampled 48 commercial and agricultural loans made during 1996 representing approximately 14% of total commercial and agriculture originations. As shown in the following table, 97% of the business and farm loans in our sample were to entities with gross annual revenues under \$1 million.

Lending to Farms/Businesses of Different Sizes		
Gross Annual Revenues	# of Loans Based on Sample	% of Loans Based on Sample
\$0 - \$100,000	27	57%
\$100,001 - \$250,000	12	25%
\$250,001 - \$500,000	5	10%
\$500,001 - \$1,000,000	2	5%
> \$1,000,000	1	3%
TOTAL	48	100%

This information also compares favorably to assessment area demographics. According to current business demographic data provided by Dunn & Bradstreet, 260 of the 305 farms in the assessment

areas (85%) have gross revenues of less than \$1 million. In addition, 75% of non-farm businesses in the assessment area have gross revenues less than \$1 million.

FNB's commitment to its community is further reflected in its commitment to provide permanent financing for the proposed Goshen County Care Center. The facility will be a 75 bed senior citizen nursing facility. Although the bank extended its commitment to this project in August 1996, the bank has not been able to fund the loan due to various regulatory approvals that were needed. FNB expects the loan to close by the end of June 1997.

Geographic Distribution of Loans

The bank's lending pattern shows a reasonable dispersion throughout the assessment area. We noted no conspicuous gaps on lending to low- and moderate-income neighborhoods.

We sampled 34 agricultural loans originated in 1996. All of these loans were located in the non-MSA assessment area of Wyoming. We found that the bank makes most of its loans in middle-income geographies, which is reasonable when compared to the geographical make up of the Wyoming non-MSA assessment area. See the table below:

Agricultural Loans					
Income Designation of Tract ⁽¹⁾	% of Tracts in Assessment Area	# of Loans in Sample	% of Loans in Sample	\$ of Loan Sample (000's)	% of \$ Loan Sample
Low	5%	0	0%	0	0%
Moderate	32%	7	21%	170	6%
Middle	63%	27	79%	2,626	94%
Upper	0%	0	0%	0	0%
TOTAL	100%	34	100%	2,796	100%

⁽¹⁾ Based on the median-family income for the MSA or non-MSA area the tract is in. Income designations are defined as low: less than 50%; Moderate: from 50% up to 79%; Middle: 80% up to 120%; Upper: 120% and greater of the median-family income.

We found that a substantial majority (82%) of the bank’s consumer loans are within the city of Torrington. This is reasonable given the numerous other financial institutions serving the surrounding communities and within the assessment areas. Lending patterns show good distribution throughout the city of Torrington. The bank’s lending performance compares favorably to the assessment area demographics. The bank has made 45% of its loans by number in low- and moderate-income geographies. Only 35% of the tracts in the assessment areas are low- and moderate-income tracts.

Consumer Loans					
Income Designation of Tract	% of Tracts in Assessment Area	# of Loans in Sample	% of Loans in Sample	\$ of Loan Sample (000's)	% of \$ Loan Sample
Low	5%	1	5%	2	2%
Moderate	32%	8	40%	24	24%
Middle	63%	11	55%	75	74%
Upper	0%	0	0%	0	0%
TOTAL	100%	20	100%	101	100%

Response to Substantiated Complaints

The bank has not received any written complaints regarding its CRA performance since the prior CRA examination.

Fair Lending Review

The bank is in substantial compliance with fair lending laws and regulations. Our fair lending review, conducted concurrently with this examination, found no unusual patterns or discriminatory lending practices.