



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**June 23, 2008**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Ely  
Charter Number 8561

595 Aultman Street  
Ely, NV 89301-0000

Office of the Comptroller of the Currency

SALT LAKE CITY FIELD OFFICE  
2795 East Cottonwood Parkway, Suite 390  
Salt Lake City, UT 84121-7036

**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 factors supporting the bank's overall rating include the following:

- First National Bank of Ely's (FNB Ely) average loan-to-deposit ratio since the last examination is reasonable.
- The bank's record of lending to borrowers with different incomes is more than reasonable.
- The bank originated a substantial majority of its loans in the assessment area (AA).
- FNB Ely did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.

**SCOPE OF EXAMINATION**

The evaluation period for this examination is January 6, 2004, to June 23, 2008. We used small bank procedures to evaluate the bank's performance under the Community Reinvestment Act (CRA). The bank's primary lending product by number is consumer loans, and its primary lending product by dollar amount is home loans. Consumer loans comprise 44 percent of the banks loan origination by number, while home loans account for 47 percent of the dollar amount of the bank's loan portfolio. To assess the bank's lending performance, we reviewed a sample of 25 consumer loans and 25 home loans in the AA. Our samples represented loan originations between January 1, 2006 and June 30, 2008.

**DESCRIPTION OF INSTITUTION**

FNB Ely is a \$58 million institution located in rural east-central Nevada. The bank has one full service office located in the town of Ely, NV. FNB Ely offers traditional services and loan products typically associated with a rural community bank. As of March 31, 2008, net loans and leases totaled \$21 million, representing 36 percent of total assets. FNB Ely competes for business in White Pine County with one credit union, one state bank, and one branch of a national banking company. There are no legal or financial impediments that limit the bank's ability to meet the credit needs of the assessment area. FNB Ely received a "Satisfactory" rating at its last CRA examination dated January 5, 2004.

**DESCRIPTION OF WHITE PINE COUNTY, NEVADA**

The bank has designated White Pine County, Nevada as its assessment area. The AA

is comprised of two middle-income census tracts and one moderate-income census tract. According to 2000 United States Census data, the population of White Pine County was 9,181. Approximately 26 percent of AA families are low-income, 19 percent are moderate-income, 26 percent are middle-income, and 29 percent are upper-income; 12 percent of households are below the poverty level. The weighted average updated median family income in Nevada non-MSAs is \$55,400. According to the United States Bureau of Labor Statistics, the unemployment rate in White Pine County as of December 31, 2007, was 4.0 percent. Major employers in the county include the Robinson Nevada Mining Company, the Department of Corrections, White Pine County School District, William Bee Ririe Hospital, and the Bald Mountain Mine.

In order to gain a better understanding of the economic conditions and credit needs within the bank's assessment area, we contacted a community development official within White Pine County. The official stated that the local economy is improving based on energy development projects and increased mining activities. According to the community contact, financial institutions within the assessment area, in particular FNB Ely, are satisfactorily meeting the credit needs of the community.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### **Loan-to-Deposit Ratio**

FNB Ely's average loan-to-deposit ratio since the last exam is reasonable. Since no community banks are similarly sized and headquartered within the bank's assessment area, we compared the bank's loan-to-deposit ratio with that of two similarly sized community banks in adjacent, rural Nevada counties. FNB Ely averaged 39 percent during this period compared to 59 percent for the comparable banks. During this period, FNB Ely's loan-to-deposit ratio ranged between 34 and 44 percent. Based on this comparison, FNB Ely's average loan-to-deposit ratio appears low. However, the bank's ratio is reasonable given the limited lending opportunities available in the rural assessment area and based on the material differences in the economies of the different locations. To arrive at the average loan-to-deposit ratio for the banks, we averaged the last 18 quarters of information since the prior CRA public evaluation ending with March 31, 2008.

### **Lending in Assessment Area**

The bank originated a substantial majority of its loans within the assessment area. Based on our sample, FNB Ely originates 90 percent of its loans by number and 93 percent by dollar amount within its assessment area.

### **Lending to Borrowers of Different Incomes**

FNB Ely's record of lending to borrowers of different incomes exceeds the standard for satisfactory performance.

The bank's lending performance demonstrates excellent penetration in lending to low- or moderate-income borrowers. The bank's distribution of consumer loans compared to the percentage of assessment area low- and moderate-income households exceeded demographic comparators. Based on our sample of consumer loans, the bank made 27 percent of its consumer loans to low-income borrowers and 27 percent to moderate-income borrowers. This compares favorably with the percentages of low- and moderate-income households in the AA of 29 and 18 percent respectively.

FNB Ely's performance in making residential real estate loans to borrowers of different incomes also demonstrates excellent penetration in lending to low- or moderate-income borrowers. The bank's distribution of residential real estate loans compared to the percentage of assessment area low- and moderate-income families exceeded demographic comparators. Based on our sample of residential real estate loans, the bank made 13 percent of its residential real estate loans to low-income borrowers compared to AA demographics of low-income families of 25 percent. This disparity is mitigated given the fact that mortgages are high cost, and it is very difficult for low-income borrowers to qualify for mortgage loans based on annual income. The bank made 42 percent of its residential real estate loans to moderate-income borrowers, which compares favorably to AA demographics showing moderate-income families comprise 19 percent of the AA population.

### **Geographic Distribution of Loans**

Analysis of the geographic distribution of loans within the assessment area does not produce a meaningful analysis. The bank's assessment area is limited to two middle-income and one moderate-income census tracts.

### **Responses to Complaints**

Neither the Office of the Comptroller of the Currency nor the bank received any complaints about its CRA performance during the evaluation period.

### **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.