

**Comptroller of the Currency
Administrator of National Bank**

**SMALL
BANK**

Public Disclosure

June 1, 1998

Community Reinvestment Act Performance Evaluation

**First National Bank and Trust
Charter Number 10265**

**245 E. First Street
Powell, Wyoming 82435**

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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 CRA performance of the **First National Bank of Bank and Trust** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 1, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

Institution's CRA Rating: This institution is rated "**Outstanding**".

First National Bank and Trust (FNBT) demonstrates outstanding performance in meeting its community's credit needs. This is evidenced by a more than reasonable loan-to-deposit ratio, and a substantial majority of the bank's loans being made to borrowers within its assessment area. The bank's lending activity also shows an excellent distribution of loans among individuals of different income levels (including low- and moderate-income). In addition, the bank continues to expand branch and ATM services and actively participates in state and local programs which promote and increase the availability of credit services to low- and moderate-income borrowers and small businesses within the assessment area.

The following table indicates the performance level of the **First National Bank and Trust** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	First National Bank and Trust 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 income and to businesses of different sizes	X		
Geographic distribution of loans		X	
Response to complaints	No complaints have been received since the prior examination.		

Description of Institution

The First National Bank and Trust (FNBT) has three office locations. The main office is located in Powell, with branch offices located in Cody and Lovell, Wyoming. As of March 31, 1998, the bank's assets totaled \$154 million, with loans of \$108 million, and deposits of \$139 million. FNBT operates seven ATM machines which provide 24 hour account access for customers in each of its branch locations as well as the community college campus. The bank also offers day time ATM access at several local grocery store locations. There are no constraints on the bank's ability to meet credit needs within its assessment area.

FNBT works with state and federal agencies to provide a wide variety of credit and deposit services to support the needs of consumers, businesses, and agricultural producers within the assessment area. FNBT's loan portfolio is distributed by percentage as follows: consumer loans 29%, commercial loans 25%, agricultural loans 18%, residential real estate loans 15%, commercial real estate 8%, and farm real estate 5%.

Description of Assessment Area:

FNBT's assessment area consists of block numbering areas (BNAs) 9951, 9952, 9953, 9954, 9955, 9956.97, 9956.98 and 9928. These BNAs include the towns of Powell, Cody, and Lovell, Wyoming and have a 1990 Census assessment area population of 27,999.

The 1990 Housing and Urban Development statewide non-metropolitan statistical area median family income (MFI) was \$32,096. The following chart lists the 1990 income levels and population of each of the BNAs serviced by the bank.

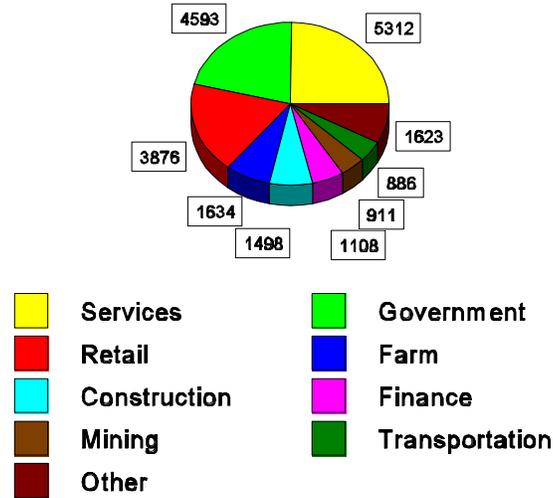
Block Numbering Areas	Income Designation*	Population
9951	Middle	3,843
9952	Middle	5,492
9953	Middle	4,157
9954	Moderate	4,502
9955	Middle	4,181
9956.97	Low	88
9956.98	Middle	915
9928	Moderate	4,821

* Low (<50% MFI)
Moderate (50-80% MFI)
Middle (80-119% MFI)
Upper (120%+MFI)

The assessment area economy is stable. Demographic information provided by the state of Wyoming and Park County show steady population growth of 1.3% annually. Unemployment rates in Park and Big Horn counties are 4.3 and 6.1%. Major industries consist of oil, natural gas, mining, farming/ranching, sugar production, government services, medical services, and education.

Employment, or number of jobs by industry as of December 1997 are as follows:

Park and Big Horn Counties, Wy
Number of Employees by Sector



We contacted four community and business leaders in Powell, Cody and Lovell. Our contacts in Powell and Cody agreed that there has been only modest growth in their local economies. Employment opportunities are centered in the service and retail sectors. State, federal and county government employment provides additional stability for these economies. The contacts also stated that their communities are well served by the local financial institutions, with a wide variety of loan and deposit products available. The community contact in Lovell stated the local economy is stagnant, and that the community still needs to attract additional small businesses and light industry to the area. Community leaders in Cody also stated a need to develop additional industrial areas to attract new business to their city. Powell officials are interested in expanding and improving senior care facilities.

Each of the community contacts indicated that First National Bank and Trust is actively involved in the communities it serves. FNBT has provided seed money and bank resources in the form of personnel, equipment and supplies to help organize community re-development activities. These include low income housing projects, civic improvements, and efforts to attract additional small and medium sized businesses and targeted industries to their assessment area. FNBT has led efforts to obtain grants and low interest loans from federal and state agencies for local projects. FNBT has also recruited other area financial institutions to help provide low interest funding to support a new business in the area.

Competition in the bank's assessment areas is strong. The Powell office competes with two full service banks, one savings and loan, and two credit unions. The Cody branch competes with four full service banks, one savings and loan, and two credit unions. The Lovell branch competes against one full service bank, and one savings and loan.

Conclusions with Respect to Performance Criteria

Loan to Deposit Analysis:

FNBT exhibits a more than reasonable loan-to-deposit (LTD) ratio when compared to similarly situated institutions. The bank's LTD ratio averaged 76% over the past eight quarters. In comparison, the average LTD ratio for all Wyoming banks was 69.43%. For assessment area comparison purposes, we used loan and deposit information provided by Shesunoff Information Services Inc. as of December 31, 1997. This included state and national banks, credit unions, and savings and loans located in the bank's assessment area. Loan-to-deposit ratios for competing institutions averaged 62%, and ranged from 51.7% to 73.3%. On the same date, FNBT's LTD ratio was 77.5%. FNBT exceeded its competition average by 15.5% and the nearest competitor by 4.2%. Additionally, FNBT originates and sells a large volume of residential real estate loans on the secondary market. This has the effect of lowering the LTD ratio. In 1997, FNBT sold 168 residential real estate loans totaling \$12.4MM.

Comparison of Credit Extended Inside and Outside of the Assessment Area:

The substantial majority of the bank's lending activity takes place within the assessment area. As of April 30, 1998, 84.25% of FNBT's outstanding loans were made to borrowers residing in the assessment area. Of the outstanding dollars originated, 86.9% were to assessment area borrowers. In addition, 95% of FNBT residential loans sold, on the secondary market were made to borrowers in Park or Big Horn counties.

Distributions of Credit Within the Assessment Area by Geography:

FNBT's lending within the assessment area reflects a good distribution to borrowers of different income levels. The eight contiguous BNAs that comprise the bank's assessment area cover all of Park County and a portion of Big Horn County. The assessment area is mostly rural with large unpopulated areas. Population centers are clustered along State Route 14. The bank monitors its lending activities using information provided by Geodata Consultants Inc. This service plots all loans within the assessment area using street addresses. With the exception of the Meeteetse area, the Geodata maps show an excellent distribution of loans throughout the townships serviced by the bank.

Meeteetse has a population of 440 persons, and is located approximately 40 miles from the new Cody branch. The population is served by a branch of a local regional bank. BNA 9956.97 was the only BNA in the bank's assessment area designated as low income. This is a sparsely populated (88 residents) ranching area west of Meeteetse.

Distribution of borrowers by geography:

Income Level	% of Assessment Area Population	% of FNBT's Loans
<i>Low</i>	1%	1%
<i>Moderate</i>	33%	25%
<i>Middle</i>	66%	74%
<i>Upper</i>	0%	0%

Distribution of Credit within the Assessment Area(s) by Borrower Income:

Consumer lending represents the largest portion of the bank's portfolio at 29%. Consumer lending activity shows a strong penetration among borrowers with low- and moderate-incomes. We sampled 37 consumer loans originated between March 1996 and June 1998. Using the HMDA 1997 state non MSA median family income of \$41,900, loans to low- and moderate-income families and individuals accounted for 59.4% of the loans made. Low- and moderate-income families make up 42.9% of the population living in the assessment area.

Income Level	% of Families in Assessment Area	% of Sample, Consumer Loans
<i>Low</i>	22.2%	29.7%
<i>Moderate</i>	20.7%	29.7%
<i>Middle</i>	25.4%	24.3%
<i>Upper</i>	31.8%	16.3%

The majority of the bank's commercial lending consists of small loans to agricultural borrowers and small businesses. We randomly sampled 30 commercial loans made between March 1996 and June 1998. Ninety percent of the loans reviewed were to businesses with annual gross revenues or income of less than \$1,000,000.

Gross Annual Revenues or Income	Percent of Sample
under \$250,000	63.4%
\$250,000-\$499,000	10%
\$500,000-\$999,000	16.6%
over \$1,000,000	10%

We reviewed 26 residential real estate loans not sold on the secondary market. Using HMDA state non-MSA 1997 median family income of \$41,900, the bank shows an excellent distribution of loans to low-and moderate-income borrowers. The distribution of real estate lending within the assessment area was as follows:

Income Level	% of Families in Assessment Area	% of Sample Residential Real Estate Loans
<i>Low</i>	22.16%	15.4%
<i>Moderate</i>	20.72%	34.6%
<i>Middle</i>	25.36%	34.6%
<i>Upper</i>	31.78%	15.4%

CRA Complaints:

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

Other Information:

We did not identify any violations of the substantive provisions of anti-discrimination laws and regulations during this examination.