



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

May 07, 2012

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

First National Bank of Wyoming  
Charter Number: 15409

2020 Grand Ave  
Laramie, WY 82070-0000

Office of the Comptroller of the Currency

Denver Field Office  
1225 17th Street Suite 450  
Denver, CO. 80202-5534

**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.**

**State Name: Wyoming Rating: "Satisfactory"**

**State Name: Colorado Rating: "Satisfactory"**

The overall Community Reinvestment Act (CRA) rating takes into consideration the ratings in the Wyoming and Colorado Assessment Areas (AAs). The rating is based on First National Bank's ("FNB" or "the bank") performance in regard to business and residential real estate lending. The major factors that support the overall rating include:

- FNB originated a majority of its loans by number and dollar volume within the bank's AAs.
- The bank's loan-to-deposit ratio is reasonable.
- Overall, FNB's lending to small businesses of different sizes and borrowers of different incomes in its Wyoming and Colorado AAs is reasonable.
- The bank's geographic dispersion of business loans to borrowers in low- and moderate-income census tracts in its Wyoming and Colorado AAs is reasonable.

## Scope of Examination

The Office of the Comptroller of the Currency (OCC) completed a full-scope small bank review of FNB. The OCC concluded on the bank's CRA performance in Wyoming and Colorado by reviewing the bank's average loan-to-deposit ratio since the previous examination and testing the bank's lending inside each of the AAs. The OCC also tested the bank's borrower income distribution for the bank's primary products. The OCC reviewed the following primary products: commercial business and residential real estate (home purchase and refinancing) loans. The OCC used reported Home Mortgage Disclosure Act (HMDA) data and loan data for small businesses since the previous CRA examination.

## Description of Institution

The First National Bank of Wyoming is a \$177 million bank located in southeast Wyoming and north-central Colorado. The bank is owned by First Capital West Bankshares, Inc., a single-bank holding company located in Laramie, Wyoming.

The bank operates three full-service facilities. The main office is located in Laramie, Wyoming. The bank also has two full-service branches located in Cheyenne, Wyoming and Fort Collins, Colorado. The Fort Collins location operates under the trade name Capital West National Bank. All three locations have drive-up facilities and automated teller machines (ATMs).

FNB offers a variety of credit products typical of a community bank. Our CRA examination considered loans originated since the prior CRA examination, and found that the primary commercial lending product was commercial and industrial loans (including SBA loans), and the primary consumer lending product was 1-4 family residential loans.

<b>Loans Made By Branch Between CRA Examinations (from July 1, 2007 to March 26, 2012) – 000's</b>								
	Laramie, WY (Albany County)		Cheyenne, WY (Laramie County)		Fort Collins, CO (Larimer County)		Bankwide	
Commercial (including SBA)	50	\$11,984	61	\$7,672	35	\$8,551	146	\$28,207
Commercial Real Estate	16	\$4,136	16	\$12,099	12	\$6,904	44	\$23,139
Residential RE	30	\$3,548	6	\$2,311	2	\$454	38	\$6,313
Agricultural	11	\$508	2	\$14	0	0	13	\$522
Consumer Installment	30	\$321	41	\$716	13	\$639	84	\$1,676
Totals	137	\$20,499	126	\$22,813	62	\$16,548	325	\$59,857

For the purposes of this analysis, CRA performance was based on a sample of commercial loans within each assessment area, and of residential real estate loans in the Albany County, Wyoming AA. Residential real estate loans were not a significant product in the Laramie County and Larimer County AAs, with only eight of these loans made during the evaluation period in those AAs. Although the bank also originated a significant number, and dollar amount, of commercial real estate loans, there was

insignificant volume in any of the AAs to provide a meaningful sample (each AA had less than 20). The bank operated with some legal and financial impediments to the bank’s ability to meet the credit needs of the assessment areas during the evaluation period.

FNB Wyoming received a “Satisfactory” rating at the last CRA examination dated June 12, 2007. Refer to the bank’s CRA Public File for more information.

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

FNB’s loan-to-deposit (LTD) ratio is reasonable given the bank’s performance context and strong competition in the AAs. We assessed the bank’s 19-quarter average LTD ratio since the last CRA examination in comparison to similarly situated banks. The similarly situated banks reported an average LTD of 72.98 percent, with a high of 105.13 percent and a low of 43.76 percent. For that same time frame, FNB’s quarterly average LTD is 69.05 percent, and is reasonable. Similarly situated banks are those banks of comparable asset size and operating within the same geography.

### Lending in Assessment Area

FNB originated a substantial majority of its loans inside its AAs since the previous CRA evaluation. Lending within the AAs exceeds the standard for satisfactory performance and is reasonable.

Table 1 - Lending in Albany County & Cheyenne MSA WY; Larimer County CO										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	16	88.9	2	11.1	18	3,458	94.3	209	5.7	3,667
Home Refinance	11	91.7	1	8.3	12	2,177	95.1	113	4.9	2,290
Commercial	63	85.1	11	14.9	74	13,333	74.8	4,997	25.2	17,830
Total	90	86.5	14	13.5	104	18,968	78.1	5,319	21.9	24,287

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discrimination or other illegal credit practices inconsistent with meeting the community’s credit needs.

## Wyoming State Rating

### CRA Rating for Wyoming: Satisfactory

The major factors that support this rating include:

- Lending to small businesses in the Albany County AA is more than reasonable and in the Cheyenne MSA is reasonable.
- Residential lending to borrowers of different income levels in the Albany County AA is reasonable given the high price of housing.
- Overall geographic dispersion of business loans in low- and moderate-income census tracts is reasonable in the Albany County AA and more than reasonable in the Cheyenne MSA.
- The geographic dispersion of residential real estate loans in low- and moderate-income census tracts in the Albany County AA is reasonable.

### Description of Assessment Area(s)

#### Albany County Assessment Area

The Albany County AA is comprised of the entire county. Based on 2000 census data, the AA includes ten census tracts, of which one (10 percent) is designated as low-income, two (20 percent) are designated as moderate-income, six (60 percent) are middle-income and one (10 percent) is upper income. The Housing and Urban Development (HUD) 2010 updated median-family income for this AA was \$65,800. Based on 2000 census data, there are 7,077 families residing within the AA, of which 23 percent and 18 percent are deemed low-income and moderate-income, respectively. The median household income in 2011 was \$67.4 thousand and the estimated median house or condo value was \$205 thousand.

Albany County is located in southeastern Wyoming, adjacent to the west of Laramie County. The largest city in the county is Laramie, which is also the county seat and home to the University of Wyoming. The university is the largest employer in the county, employing approximately 5,300 people. Other major employers include the Albany County School District, the Albany County Hospital District, and the City of Laramie. The majority of the businesses in the county are independently owned. The county's unemployment rate of 4.5 percent is well below the national average of 8.2 percent. According to the FDIC data dated June 30, 2011, FNB has the second largest (out of eight institutions) market share in Albany County at 16.11 percent.

We conducted one community contact in this AA, a member of the city council. The contact stated that the local economy is performing better than most cities, with a much lower unemployment rate than the national average. Low-income housing is a

continuing need, as the waiting period for available housing is often lengthy. The contact felt that local financial institutions are responsive to customer needs, but conceded that credit has been more difficult to obtain recently than in the past.

### **Cheyenne Metropolitan Statistical Area (MSA)**

The Cheyenne MSA is comprised of the entire county. Based on 2000 census data, the AA is comprised of 18 census tracts of which six (33 percent) are designated as moderate-income, nine (50 percent) are middle-income, and three (17 percent) as upper-income. There are no low-income census tracts. The HUD 2010 MSA median family income for the Cheyenne MSA was \$67,400. Based on 2000 census data, there are 21,825 families residing in the AA, of which 17 percent and 20 percent are deemed low-income and moderate-income, respectively.

The Cheyenne MSA is in Laramie County, which is located in southeastern Wyoming. The largest city is Cheyenne, which is the state capital and county seat. Other large towns within the county include Albin, Burns, and Pine Bluffs. The largest employers in the county are military and government-based. The Warren Air Force Base employs 4,325 and the State of Wyoming employs 3,397. The Cheyenne Regional Medical Center is also a large employer with approximately 1,700 employees. The county's unemployment rate of 6.7 percent is below the national average of 8.2 percent. Competition in the Cheyenne MSA is high. According to the FDIC's June 30, 2011 data, FNB is the eighth largest depository in Laramie County (out of 19 institutions) and FNB holds 3.92 percent of the market's deposits.

We conducted one community contact in the AA, a member of the Chamber of Commerce. He indicated the primary needs for the county are rental properties and affordable housing for young professionals. The expansion in the oil and gas industry resulting from the discovery of the Niabrara shale oil formation has strengthened the local economy. The contact indicated the local banks are actively involved in the community and meeting the area's credit needs.

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

#### **Albany County Assessment Area**

##### Business Loans

Lending to small businesses in the Albany AA is more than reasonable. The distribution of lending exceeds the demographic comparator when reviewed by number and dollar volume of total loans. Small businesses are defined by annual gross revenues of \$1 million or less.

<b>Table 2A - Borrower Distribution of Loans to Business in Albany County WY AA</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	69.9	2.6	27.5	100%
% of Bank Loans in AA by #	90.9	9.1	0	100%
% of Bank Loans in AA by \$	94.6	5.4	0	100%

Source: HMDA data from 2010-2011 and U.S. Census data

### Residential Real Estate Loans

Overall, residential lending to borrowers of different income levels in the Albany County AA is reasonable given affordability of housing in the AA. Of the 16 residential real estate loans reviewed from this AA, no loans were originated to low-income families. But the portion of loans to moderate-income borrowers significantly exceeds the demographic comparator for both home purchase and home refinancing loans and is more than reasonable.

The absence of residential loans to low-income individuals is partially explainable because of the high price of housing. Low-income individuals (defined as an individual with income less than 50 percent of the area median income) would have less than \$33,700 annual family income, which makes it difficult to afford the estimated median house or condo value of \$205 thousand. Also, 22 percent of the households within the AA are below the poverty level. This is consistent with the community contact’s comments that affordable housing remains a concern within the AA. In addition, students at the University of Wyoming are frequently classified as low-income, distorting the number of low-income families likely to seek a residential real estate loan.

<b>Table 2 - Borrower Distribution of Residential Real Estate Loans in Albany County WY AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	23.1	0.0	17.7	23.1	21.4	7.7	37.9	46.2
Home Improvement	23.1	0.0	17.7	0.0	21.4	0.0	37.9	0.0
Home Refinance	23.1	0.0	17.7	33.3	21.4	16.7	37.9	50.0

Source: HMDA data from 2010-2011 and U.S. Census data

## **Cheyenne Metropolitan Statistical Area**

### Business Loans

Lending to small businesses is somewhat lower than the demographic indicator but is reasonable. Small businesses are defined as farms or businesses with annual gross revenues of \$1 million or less. Our sample found that 10 of 21 commercial loans were made to businesses with revenues of < \$1 million, and of those loans, five were made to very small businesses with revenues of ≤ \$250 thousand. While these numbers are lower than the demographic indicator, the 2000 census data includes 3,802 non-farm

businesses (out of a total of 12,034) that do not report revenues. The high volume of businesses that do not report revenues can materially distort the distribution of small and large businesses within the AA.

<b>Table 2A - Borrower Distribution of Loans to Business in Cheyenne MSA WY</b>				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Business	66.1	2.3	31.6	100%
% of Bank Loans in AA by #	47.6	52.4	0	100%
% of Bank Loans in AA by \$	25.1	74.9	0	100%

Source: HMDA data from 2010-2011 and U.S. Census data

**Residential Loans**

Since the last CRA examination, FNB originated only six residential real estate loans in this AA, which is insufficient for a meaningful analysis.

**Geographic Distribution of Loans**

**Albany County Assessment Area**

**Business Loans**

Overall, the geographical dispersion of business loans in the Albany County AA is reasonable. The bank did not make any business loans in low-income census tracts. The absence of loans made to businesses in low-income census tracts is largely mitigated by the relatively small number of businesses in the low-income census tracts, which total only 158 and limits the lending opportunities. Lending to business in moderate-income census tracts in the Albany AA is more than reasonable, and exceeds the demographic standard.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Albany County WY AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	4.1	0	11.1	14.29	70.2	57.14	14.6	28.57

Source: HMDA data from 2010-2011 and U.S. Census data

**Residential Real Estate Loans**

The geographical dispersion of residential real estate loans to low- and moderate-income census tracts in the Albany AA is reasonable. The bank made no loans in the low-income census tracts; however, this is mitigated by the extremely low volume of owner-occupied houses in the AA. The bank did not originate any home purchase or home improvement loans in moderate-income census tracts, but the volume of

refinancing loans exceeds the demographic comparator. Range of performance in the moderate-income census tracts exceeds the demographic comparator.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.3	0.0	11.3	0.0	66.1	84.6	22.4	15.4
Home Improvement	0.3	0.0	11.3	0.0	66.1	0.0	22.4	0.0
Refinancing	0.3	0.0	11.3	16.7	66.1	66.7	22.4	16.7

Source: HMDA data from 2010-2011 and U.S. Census data

## **Cheyenne Metropolitan Statistical Area**

### Business Loans

FNB’s geographic dispersion of business loans in moderate-income census tracts in the Cheyenne MSA significantly exceeds standards, and is more than reasonable. There are no low-income census tracts in this AA.

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.0	0	39.5	52.38	40.0	23.81	20.5	23.81

Source: HMDA data from 2010-2011 and U.S. Census data

### Residential Loans

Since the last CRA examination, FNB originated only six residential real estate loans in this AA, which is insufficient for a meaningful analysis.

### **Responses to Complaints**

The bank did not receive any written complaints about its performance in helping to meet the credit needs of its Wyoming AAs.

## **Colorado State Rating**

### **CRA Rating for Colorado: Satisfactory**

The major factors that support this rating include:

- FNB's lending to small businesses in the Colorado AA does not meet the standard demographic ratio but is considered reasonable given the volume of businesses with unreported revenue.
- The geographic dispersion of business loans to low- and moderate-income tracts in the AA is reasonable.

### **Description of Assessment Area(s)**

#### **Fort Collins-Loveland Metropolitan Statistical Area**

The Fort Collins-Loveland MSA includes all of Larimer County in Colorado. Based on 2000 census data, this AA is comprised of 55 census tracts of which two (4 percent) are designated as low-income, twelve (21 percent) as moderate-income, thirty (55 percent) as middle-income, and eleven (20 percent) are upper-income. The HUD 2010 updated MSA median-family income for this AA was \$74,900. According to 2000 census data, there are 62,450 families residing in the AA, of which 17 percent are deemed low-income and 20 percent deemed moderate-income.

Larimer County is located in north-central Colorado. The most populous city in the county is Fort Collins with approximately 144,000 residents. The local economy is driven largely by Colorado State University, which employs approximately 7,000 people. Other large employers in the area include Hewlett Packard (3,132 employees) and Poudre Valley Health Systems (3,020 employees). Larimer County benefits by having a variety of industries, such as government, education, retail trade, and manufacturing. The unemployment rate for the county is 6.7 percent, which is below the national average of 8.2 percent. Competition in Larimer County is extremely high. According to FDIC's June 30, 2011 data, FNB holds only 0.45 percent and ranks only 24<sup>th</sup> (out of 29 financial institutions) of the deposit market share in Larimer County.

We conducted one community contact in the Fort Collins-Loveland MSA, an employee at the Better Business Bureau. The contact stated that small businesses have struggled over the past several years, but optimism is returning as the local economy improves. The presence of Colorado State University and other large employers benefit the communities. The contact felt that the local financial institutions are responsive to business and consumer needs.

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

### Business Loans

The portion of loans to small businesses within the assessment area is somewhat lower than the demographic comparator, but it is reasonable for the Larimer County MSA. We found that 12 of 20 business loans made within the AA were to small businesses. Small businesses are defined as businesses with annual revenue of \$1 million or less. While the demographic data indicates there are only 848 businesses (2.01 percent) in the AA with revenues  $\geq$  \$1 million, there are 10,764 businesses that do not report revenues. The businesses with unreported revenues may materially distort the available business demographic ratios.

<b>Table 2A - Borrower Distribution of Loans to Business in Larimer County WY AA</b>				
Business Revenues (or Sales)	$\leq$ \$1,000,000	$>$ \$1,000,000	Unavailable/Unknown	Total
% of AA Business	72.5	2.0	25.5	100%
% of Bank Loans in AA by #	60	40	0	100%
% of Bank Loans in AA by \$	59.8	40.2	0	100%

Source: HMDA data from 2010-2011 and U.S. Census data

### Residential Loans

Since the last CRA examination, FNB originated only two residential real estate loans in this AA, which is insufficient for a meaningful analysis.

## Geographic Distribution of Loans

### Business Loans

The geographic dispersion of business loans to low- and moderate-income tracts does not meet the demographic standard, but is reasonable given characteristics of the AA's business demographics and limitations of our sample. The bank made no loans to businesses in low-income census tracts, but this is mitigated by the small number (only 373) businesses located within the low-income census tracts. Our sample found that the bank made three out of 20 loans to businesses in moderate-income tracts, and is only slightly below demographic standards.

<b>Table 3A - Geographic Distribution of Loans to Businesses in Larimer County CO AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.9	0	20.3	15	51.8	60	27.0	25

Source: HMDA data from 2010-2011 and U.S. Census data

### Residential Loans

Since the last CRA examination, FNB originated only two residential real estate loans in this AA, which is insufficient for a meaningful analysis.

### **Responses to Complaints**

The bank did not receive any written complaints about its performance in helping to meet the credit needs of its Fort Collins AA.