

## **PUBLIC DISCLOSURE**

June 23, 1997

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

OREGON TRAIL BANK  
10-56-0225  
900258

WYOMING AT WHALEN  
P.O. BOX 219  
GUERNSEY, WYOMING 82201

**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 Oregon Trail Bank, Guernsey, Wyoming, prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of June 23, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

### **INSTITUTION'S CRA RATING:** *This institution is rated **Satisfactory***

Oregon Trail Bank's performance under the CRA is satisfactory. The evaluation takes into account the bank's financial capacity and size, legal impediments, local economic conditions and demographics, and the competitive environment in which the bank operates. The procedures used to evaluate CRA performance do not rely on absolute standards. For example, financial institutions are not required to adopt specific activities or to offer specific types or amounts of credit. Each institution has flexibility in determining how it can best meet the credit needs of its entire community. Within this context, CRA evaluations are based on each bank's performance under the following five criteria developed for small banks:

- C Credit Extended Inside and Outside of the Assessment Area
- C Lending to Borrowers of Different Incomes and to Businesses and Farms of Different Sizes
- C Geographic Distribution of Loans
- C Loan-to-Deposit Ratio
- C Response to Complaints

The results of this evaluation showed that a substantial majority of loans were originated inside the bank's assessment area. The distribution of loans reflected a reasonable dispersion of credit among individuals of different income levels, and an excellent dispersion among businesses and farms of different sizes. The geographic distribution of loans within the assessment area and the bank's loan-to-deposit ratio were also reasonable. Because the bank has not received any complaints about its CRA performance since the last examination, this performance category was not evaluated.

The bank's CRA performance was previously evaluated as of October 30, 1995, at which time it was considered Satisfactory.

## DESCRIPTION OF INSTITUTION

The main office of Oregon Trail Bank is located in Guernsey, Wyoming. The branch office is situated in the town of Chugwater, 55 miles to the south. Both towns are located in Platte County, whose southern border is approximately 30 miles due north of the capital city of Cheyenne, Wyoming. Oregon Trail Bank is a wholly-owned subsidiary of Community Bankshares of Wyoming, a one-bank holding company.

The bank reported assets of \$15,815,000 in its March 31, 1997 Report of Condition and Income (Call Report). Total deposits and gross loans and leases were reported at \$14,499,000 and \$5,388,000, respectively. The following table shows the composition of the bank's loan portfolio as of that date.

| <b>DISTRIBUTION OF LOANS IN THE LOAN PORTFOLIO AS OF MARCH 31, 1997</b> |                             |                                  |
|---|-----------------------------|----------------------------------|
| <b>Type of Loan</b>   | <b>Dollar Amount (000s)</b> | <b>Percentage of Total Loans</b> |
| Commercial Loans  | \$ 693                      | 13%                              |
| Loans Secured by Real Estate:   |                             |                                  |
| Secured by nonfarm, nonresidential properties                           | 499                         | 9%                               |
| Loans secured by 1- to 4-family residential properties                  | 1,419                       | 26%                              |
| Secured by farmland   | 393                         | 7%                               |
| Construction and land development                                       | 189                         | 4%                               |
| Secured by multifamily (5 or more) residential properties               | 96                          | 2%                               |
| Agricultural Loans  | 1,212                       | 23%                              |
| Consumer Loans  | 813                         | 15%                              |
| Other   | 74                          | 1%                               |
| <b>Total</b>  | <b>\$5,388</b>              | <b>100%</b>                      |

The bank offers a variety of loan products to help meet the demand for commercial, agricultural, real estate, and consumer loans, although other banks in the assessment area provide significant competition. Management reported that loan demand has increased recently, but the loan-to-deposit ratio has not reflected this increase due to a surge in deposits in the last six months.

## DESCRIPTION OF THE BANK'S ASSESSMENT AREA

The assessment area as defined by management consists of Platte and Goshen Counties

in the southeastern part of the state. Platte County contains the towns of Guernsey and Chugwater and the surrounding communities of Glendo, Hartville, Sunrise, Wendover, Wheatland, and Slater. Goshen County contains the towns of Fort Laramie, Jay Em, Lingle, Torrington, Veteran, Yoder, Huntley, Hawk Springs, and LaGrange. The defined assessment area does not arbitrarily exclude any low- and moderate-income areas.

The population of the assessment area was 20,500 based on 1990 Census Bureau information. As of 1994, the population increased by 2 percent to approximately 20,900. White individuals made up 92 percent of the population, while Hispanics made up the largest minority population at 7 percent. Sixteen percent of the population was 65 years of age or older.

The assessment area contains one low-, four moderate-, and five middle-income block numbering areas (BNAs). The median family income of each BNA was compared to the median family income for all non-Metropolitan Statistical Areas (nonMSAs) in the state to determine the income category of the respective BNAs. Income levels are defined as follows:

**Low-Income** = less than 50 percent of the state nonMSA median family income.

**Moderate-Income** = at least 50 percent and less than 80 percent of the state nonMSA median family income.

**Middle-Income** = at least 80 percent and less than 120 percent of the state nonMSA median family income.

**Upper-Income** = 120 percent or more of the state nonMSA median family income.

In 1990, the nonMSA median family income for the entire state was \$32,096.

The following table shows the distribution of the assessment area BNAs by income level. Half of the BNAs in the assessment area were low- and moderate-income, and half were middle-income. There were no upper-income BNAs. (For further reference, please see the attached map.)

| <i>CHARACTERISTICS OF BNAs WITHIN THE BANK'S ASSESSMENT AREA</i> |                                   |                 |               |              |              |
|--|-----------------------------------|-----------------|---------------|--------------|--------------|
|  | <i>BNA Income Classifications</i> |                 |               |              |              |
|  | <i>Low</i>                        | <i>Moderate</i> | <i>Middle</i> | <i>Upper</i> | <i>Total</i> |
| <i>Number of BNAs</i>  | 1                                 | 4               | 5             | 0            | 10           |
| <i>Percentage of Total BNAs</i>                                  | 10%                               | 40%             | 50%           | 0%           | 100%         |

Within the assessment area, agriculture represents the largest industry, with agricultural production devoted mainly to wheat, hay, alfalfa, sugar beets, corn, and beans. In Goshen

County, Holly Sugar is a major employer. Platte County's major employers include Basin Electric Power, Burlington Northern Railroad, and Platte County School District.

Members of the community were interviewed, and their comments lent perspective to data gathered from other sources in forming conclusions about the assessment area and the bank's performance in meeting credit needs. Community contacts included local business persons and representatives of a trade association and an economic development corporation.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank's performance under the CRA is satisfactory. Performance under each of the five small institution assessment criteria is summarized below.

**Credit Extended Inside and Outside of the Assessment Area**

A substantial majority of the bank's loans were originated within its assessment area. To determine the bank's level of lending inside and outside of its assessment area, a sample of 32 small business and small farm loans and 42 secured consumer loans was reviewed. The address of each loan customer was identified and plotted by its respective BNA. The results showed that 87 percent of the bank's small business and small farm loans and 86 percent of its secured consumer loans were originated within the assessment area.

| <b>Small Business and Farm Loans</b> | <b>Inside Assessment Area</b> | <b>Outside Assessment Area</b> |
|--------------------------------------|-------------------------------|--------------------------------|
| Number                               | 28                            | 4                              |
| Percentage of Total Number           | 87%                           | 13%                            |
| Percentage by Dollar Volume          | 95%                           | 5%                             |

| <b>Secured Consumer Loans</b> | <b>Inside Assessment Area</b> | <b>Outside Assessment Area</b> |
|-------------------------------|-------------------------------|--------------------------------|
| Number                        | 36                            | 6                              |
| Percentage of Total Number    | 86%                           | 14%                            |
| Percentage by Dollar Volume   | 87%                           | 13%                            |

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

Given the demographics of the assessment area, the bank has provided a reasonable level of lending to borrowers of different income levels, including low- and moderate-income individuals, and to small businesses and farms of different sizes. According to the 1990 Census, there were 5,795 families in the bank's assessment area. The median family income was \$26,218. These families were classified by income level, and their incomes were compared to the state's nonMSA median family income to determine their income category. The following table shows the percentage of families in each income category within the assessment area.

| <b>INCOME LEVEL OF FAMILIES WITHIN THE BANK'S ASSESSMENT AREA</b> |     |          |        |       |
|---|-----|----------|--------|-------|
|   | Low | Moderate | Middle | Upper |
| Percentage of Families  | 28% | 21%      | 23%    | 28%   |

The analysis of the secured consumer loan sample revealed a reasonable penetration among the four income levels based on borrower income. Although the percentage of the total dollars loaned to low- and moderate-income borrowers was less than their demographic representation in the assessment area, the percentage based on number of loans exceeded the demographic representation of these two groups. This result is not unexpected since low- and moderate-income borrowers tend to request smaller dollar loans, which results in fewer dollars lent. Based on the number of loans, the bank is meeting the credit needs of low- and moderate-income borrowers, as shown in the table below.

| <b>INCOME LEVEL OF BORROWERS IN LOAN SAMPLE WITHIN THE ASSESSMENT AREA</b> |     |          |        |       |
|--|-----|----------|--------|-------|
| <b>SECURED CONSUMER LOANS</b>  | Low | Moderate | Middle | Upper |
| Percentage of Total Number   | 25% | 28%      | 31%    | 16%   |
| Percentage of Total Dollar Amount  | 24% | 14%      | 43%    | 19%   |

The level of lending to small businesses and small farms of different sizes was strong, especially to those with gross annual revenues of less than \$100,000. Of the small business and small farm loans sampled, 93 percent were to businesses and farms with annual revenues of \$1,000,000 or less; 71 percent had revenues of less than \$100,000. The table below shows the distribution of loans to small businesses and farms of different sizes.

| DISTRIBUTION OF SMALL BUSINESS AND SMALL FARM LOANS WITHIN THE ASSESSMENT AREA |                     |
|--|---------------------|
| Gross Annual Revenue Category  | Percentage of Loans |
| Less than \$100,000  | 71%                 |
| \$100,000 but less than \$250,000  | 14%                 |
| \$250,000 but less than \$500,000  | 4%                  |
| \$500,000 but less than \$1,000,000  | 4%                  |
| \$1,000,000 and more   | 7%                  |

### **Geographic Distribution of Loans**

Given the demographics of the assessment area, the distribution of loans reflected reasonable penetration of all income geographies. By number and dollar volume of loans, a high percentage of loans were granted to borrowers in middle-income BNAs. This is reasonable since both bank offices are located in middle-income BNAs. The bank's only low-income BNA had proportionally fewer loans because it is largely a recreational area with few residents. The moderate income BNAs are located in southern Goshen County where significant competition for loans from banks in Torrington and Lingle limit the bank's lending opportunities. The results of the analysis are set forth in the table below.

| DISTRIBUTION OF LOANS THROUGHOUT ASSESSMENT AREA BNAs COMPARED TO BNA CHARACTERISTICS |            |          |                 |           |               |           |              |    |
|---|------------|----------|-----------------|-----------|---------------|-----------|--------------|----|
| Loan Type   | Low-Income |          | Moderate-Income |           | Middle-Income |           | Upper-Income |    |
|   | #          | \$       | #               | \$        | #             | \$        | #            | \$ |
| Secured Consumer Loans  | 0          | 0        | 3               | \$35,987  | 33            | \$594,880 | 0            | 0  |
| <i>Percent of Total</i>   | 0%         | 0%       | 8%              | 6%        | 92%           | 94%       | 0%           | 0% |
| Small Business/Farm   | 1          | \$54,000 | 6               | \$299,760 | 21            | \$748,153 | 0            | 0  |
| <i>Percent of Total</i>   | 4%         | 5%       | 21%             | 27%       | 75%           | 68%       | 0%           | 0% |
| <i>Number of BNAs in Assessment Area</i>  | 1          |          | 4               |           | 5             |           | 0            |    |
| <i>Percentage of Tracts</i>   | 10%        |          | 40%             |           | 50%           |           | 0%           |    |
| <i>Number of Families by BNA</i>  | 162        |          | 2,255           |           | 3,378         |           | 0            |    |
| <i>Percentage of Population</i>   | 3%         |          | 39%             |           | 58%           |           | 0%           |    |

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

The bank's loan-to-deposit ratio (net loans and leases/total deposits) is reasonable given

the bank's size, financial condition, and assessment area credit needs. Using information from the bank's six Call Reports submitted since the October 30, 1995 examination, Oregon Trail Bank's average loan-to-deposit ratio was 37 percent. The average loan-to-deposit ratio during the same period for area banks with less than \$100 million in assets was 57 percent. While the bank's loan-to-deposit ratio was well below the peer average, the ratio was considered reasonable given the low level of loan demand in the areas immediately surrounding the bank's offices and the high level of competition in these sparsely populated areas.

Furthermore, bank management participates in originating real estate loans that are funded through the secondary market. Through this source, the bank offers Veterans Administration (VA) and Federal Housing Authority (FHA) loans, as well as conventional long-term financing at market rates. The bank also participates in the Wyoming Community Development Authority (WCDA) first-time homebuyer program. The VA, FHA and WCDA programs benefit low- and moderate-income individuals. Since the last examination, the bank originated five real estate loans totaling \$204,733 through these programs.

The bank also offers loans to small businesses that are guaranteed by the Small Business Administration (SBA). Since the last examination, the bank originated two SBA loans totaling \$960,000. During the same period, the bank funded three small business start-up loans within the assessment area, which provided jobs for low- and moderate-income individuals.

### **Response to Complaints**

The bank has not received any complaints about its performance in meeting assessment area credit needs. As a result, no evaluation was made of the bank's performance in responding to complaints.

### **Compliance with Antidiscrimination Laws and Regulations**

There were no substantive violations of the antidiscrimination laws and regulations identified during the fair lending component of the compliance examination.

In summary, the bank's overall performance materially meets the standards for the performance criteria to the extent that a satisfactory rating is warranted.