

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 each 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 Riverton State Bank, Riverton, Wyoming, prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of September 8, 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**.*

The bank's CRA performance is considered Satisfactory. A substantial majority of loans sampled during this review were to borrowers within the bank's identified assessment area. The loans were reasonably distributed among borrowers of different income levels and income geographies. The ratio of loans to deposits indicates the bank is making a reasonable effort to meet the credit needs of the communities it serves.

DESCRIPTION OF INSTITUTION

Riverton State Bank is located in the town of Riverton (population 10,060 in 1997) in central Wyoming. The bank operates one facility, which includes a full-service automated teller machine (ATM), on a major commercial street in a moderate-income area of town. As of June 30, 1997, the bank's assets totaled \$55 million.

The bank offers a variety of consumer and commercial loan products. These include consumer real estate loans, consumer installment loans, small business loans, and small farm loans. A sample of each of these major loan types was reviewed during this CRA performance evaluation. Loan types were reviewed for equitable distribution among borrowers of different income levels and geographic locations, and to determine whether a substantial majority of the bank's lending was conducted within its assessment area. The average ratio of loans-to-deposits was evaluated to determine if the bank is making a reasonable effort to meet the credit needs of its assessment area. Finally, the bank's record of responding to complaints was reviewed to ascertain responsiveness to community concerns in obtaining credit.

At the previous CRA evaluation of the bank conducted as of January 22, 1996, the bank received a Satisfactory rating.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is defined as Fremont County, which is located in west-central Wyoming. Population in the assessment area was 33,662 based on 1990 census data. A subsequent estimate in 1997 placed the population figure at 35,128 residents, or a 4.4 percent increase over 1990. A map of the assessment area is attached to this report.

Fremont County extends from the Continental Divide north toward Hot Springs County and east to the Gas Hills Uranium Mining District in the center of the state. The town of Riverton is centrally located in Fremont County at a point where the Wind River bends to the northeast. U.S. Highway 26 through Riverton parallels the direction of the river and is a major route for tourists traveling to Yellowstone National Park in the extreme northwest corner of the state. The Wind River Indian Reservation occupies the north central part of the county and includes the town of Riverton. The town of Lander, just beyond the southern edge of the reservation, is the county seat. Lander and Riverton are the county's population centers with 5,000 to 10,000 inhabitants each based on the 1990 census.

The assessment area consists of four moderate-income and seven middle-income Block Numbering Areas (BNAs). Each BNA is identified according to the level of income as compared to median family income. Median family income is based on the state of Wyoming's nonmetropolitan statistical area (nonMSA) median family income figures. The median family area's level of income is compared to the median family income of the bank's assessment area and identified as low-, moderate-, middle-, or upper-income. Low-income is defined as less than 50 percent; moderate income as at least 50 percent and less than 80 percent; middle-income as at least 80 percent and less than 120 percent; and upper-income as 120 percent or more of the median family income of the bank's assessment area. The assessment area contains no low-income BNAs, although 48 percent of its families are considered low- or

moderate-income (compared with 39 percent statewide) and nearly 16 percent live below the poverty level (compared with 9 percent statewide).

Sixty percent of the population lives in middle-income BNAs. The other 40 percent lives in moderate-income BNAs that extend from Riverton west along the south bank of the Wind River. Because of the larger percentage of low- and moderate-income families, the median income for families in the assessment area (\$26,593 in 1990) is below the median for families in nonMSAs around the state (\$32,096).

Between 1990 and 1994, total estimated employment in the assessment area increased by 12.3 percent (3 percent annually) from 16,467 employees to 18,500 employees. Over the same period, per capita annual incomes increased by 22 percent from \$13,066 to \$15,926. Of 2,033 new full- and part-time jobs, most are wage and salaried positions in the private services and retail trade sectors. While government, manufacturing, and construction sectors added a few jobs as well, both mining and farming lost jobs. Estimated unemployment within the county is 7 percent. Major employers include the School District 25 and government agencies; DH Printing, a manufacturer of laser printers; Columbia Hospital, and Central Wyoming College.

In Riverton, where the bank does most of its lending, a shortage of rental housing occurs between September and May when students attend classes at the community college. The community also has need for affordable single-family homes. Currently, 50 or 60 existing homes are on the resale market from sellers moving up to housing that is more expensive. Many of these resale homes are in the \$60,000 to \$80,000 price range, which is unaffordable for most low-income residents and first-time homebuyers. According to members of the community interviewed during this evaluation, most of the homes are probably overpriced for their physical condition. Part of the housing shortage is attributable to zoning restrictions on placement of manufactured homes around town. Settlement of a recent lawsuit overturning these restrictions should help to ease shortages of both rental and low-end housing.

Members of the community were interviewed during the evaluation. Their comments lent perspective to data gathered from other sources in forming conclusions about the assessment area, its credit needs, and the bank's performance in meeting these needs. Community contacts included a representative of a chamber of commerce, who discussed employment, housing, and economic conditions, and a representative of the community college, who discussed educational and employment opportunities for Native American students.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

CRA performance of the bank is satisfactory under the five criteria developed for evaluating small banks that became effective in January 1996. A substantial majority of loans were originated inside the bank's defined assessment area (primary service area). Loans are reasonably distributed among consumers of varying income levels, while distribution among small-revenue farms and businesses is considered excellent. The distribution of loans among different income geographies also meets standards of satisfactory performance overall. The average ratio of loans to deposits since the prior CRA performance evaluation indicates the

bank is making a reasonable effort to meet the credit needs of its assessment area. The bank has received no complaints regarding its CRA performance. Consequently, its record of responding to complaints was not evaluated.

Lending in the Assessment Area

The sample of loans was reviewed by location of borrower to evaluate the bank's performance in lending to borrowers within the assessment area. The results, tabulated below, show that substantial majorities of all major loan types were made to borrowers inside the assessment area. By both number of loans and total dollars, 96 percent or more of each loan type was extended to borrowers within the assessment area.

TABLE 1 LOANS INSIDE THE ASSESSMENT AREA		
<i>Loan Type</i>	<i>Percentage of Loans</i>	<i>Percentage of Loan Dollars</i>
Consumer Real Estate	97	96
Consumer Installment	96	96
Small Business	98	99
Small Farm	98	100

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

Performance in lending to borrowers of different income levels and to businesses and farms of different sizes within the assessment area meets standards required for a satisfactory rating. The distribution of loans reflects reasonable distribution among consumers of different income levels, including low- and moderate-income borrowers, and excellent distribution among small businesses and small farms of different revenue sizes. The penetration is especially good among small-revenue businesses and farms.

The bank meets standards for extending credit to consumers, including low- and moderate-income borrowers. As shown in Tables 2 and 3, low- and moderate-income borrowers are reasonably represented in the loan samples in proportion to the number of low- and moderate-income families living in the assessment area.

TABLE 2 CONSUMER INSTALLMENT LOANS BY INCOME LEVEL OF BORROWER				
	<i>Number of Loans</i>	<i>Percentage</i>	<i>Dollar Amount of Loans</i>	<i>Percentage</i>
Low Income	23	29	\$104,456	14
Moderate Income	26	33	\$161,605	22
Middle Income	17	22	\$212,428	29
Upper Income	12	5	\$256,126	35

TABLE 3 CONSUMER REAL ESTATE LOANS BY INCOME LEVEL OF BORROWER				
	<i>Number of Loans</i>	<i>Percentage</i>	<i>Dollar Amount of Loans</i>	<i>Percentage</i>
Low Income	7	21	\$117,451	10
Moderate Income	8	24	\$133,808	11
Middle Income	8	24	\$239,496	21
Upper Income	11	32	\$673,664	58

In 1990, 48 percent of families within the assessment area were categorized as having low- or moderate-income. The bank's performance in lending to borrowers in these income categories is reasonable. Low- and moderate-income borrowers received 62 percent of the consumer installment loans and 45 percent of the consumer real estate loans sampled, but a relatively small proportion (36 percent and 21 percent, respectively) of the total dollars. This result occurred because low- and moderate-income borrowers tended to request or could only qualify for smaller dollar loans.

Performance in lending to businesses and farms of different sizes is considered excellent. The distribution of loans was especially favorable for small businesses and small farms with annual revenues of less than \$250,000. Of 57 commercial loans sampled within the assessment area, 36 loans (63 percent) were to businesses with less than \$250,000 in gross annual revenues. Similarly, of 39 farm loans sampled, 27 loans (69 percent) were to farms whose gross annual revenues were less than \$100,000.

Geographic Distribution of Loans

The geographic distribution of loans by BNA income level is satisfactory. There were no conspicuous gaps in the distribution to indicate that any BNA had been unfairly or arbitrarily excluded from the bank's lending activities.

The assessment area is comprised only of moderate- and middle-income BNAs. It contains no upper-income BNAs and, although a significant portion of the population lives below the poverty level, no low-income BNAs. Roughly, 40 percent of the population lives in moderate-income BNAs in south Riverton and in communities west of Riverton that lie in close proximity to the Wind River. Most farmland is located in middle-income BNAs, which explains the disproportionately low volume of farm loans in moderate-income BNAs. As shown in the tables below, performance in lending to geographies of different income levels within the assessment area varies with loan type, but is satisfactory overall.

TABLE 4 CONSUMER INSTALLMENT LOANS		
	<i>Moderate-Income BNAs</i>	<i>Middle-Income BNAs</i>
Percentage of Loans in	58%	42%
Percentage of Loan Dollars in	45%	55%

TABLE 5 CONSUMER REAL ESTATE LOANS		
	<i>Moderate-Income BNAs</i>	<i>Middle-Income BNAs</i>
Percentage of Loans in	38%	62%
Percentage of Loan Dollars in	35%	65%

TABLE 6 COMMERCIAL LOANS		
	<i>Moderate-Income BNAs</i>	<i>Middle-Income BNAs</i>
Percentage of Loans in	49%	51%
Percentage of Loan Dollars in	62%	38%

TABLE 7 FARM LOANS		
	<i>Moderate-Income BNAs</i>	<i>Middle-Income BNAs</i>
Percentage of Loans in	23%	77%
Percentage of Loan Dollars in	20%	80%

For the reason stated above, farm loans tend to be made in middle-income BNAs. Business loans, on the other hand, favor moderate-income BNAs where most retail and commercial businesses are located. Consumer installment loans also favor borrowers in moderate-income

BNAs, both by number and by total dollars. Finally, consumer real estate loans appear reasonably allocated between moderate- and middle-income BNAs given the relative proportions of these geographies within the assessment area.

Loans to Deposits

The average loan-to-deposit ratio provides a measure of a bank's willingness to lend for the legitimate credit needs of its assessment area within the bounds of safe and sound banking practices. The ratio provides a quick reference for determining whether a bank's lending activity is reasonable for its circumstances, but is usually not of central importance unless the ratio is so low as to become an issue.

For the six quarters ended June 30, 1997, the bank's average loan-to-deposit ratio was 72 percent. The ratio exceeded the average (61 percent) reported by all Wyoming banks with asset sizes ranging from \$25 million to \$100 million. Banks in or near the assessment area had average loan-to-deposit ratios of between 65 and 70 percent. In addition, the bank originates for resale mortgage loans to subsidize low- and moderate-income homebuyers under the Wyoming Community Development Authority's first-time homebuyer program. During the past year, the bank originated and sold approximately \$1 million in these type loans. Based on the peer comparisons and secondary-market mortgage loans, the bank is making a reasonable effort to meet the credit needs of its assessment area.

Response to Complaints

The bank has received no complaints from the public about its performance in meeting credit needs, nor did consumer contacts express any adverse comments about the bank. Therefore, no assessment was required of the bank's performance in responding to complaints.

Compliance with Antidiscrimination Laws and Regulations

The evaluation did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations. No patterns or practices were noted that resulted in discrimination against any protected classes.