



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 5, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank Of Ely
Charter Number 8561**

**595 Aultman Street
Ely, NV 89301**

**Comptroller of the Currency
ADC-Salt Lake City (Montana, Wyoming, Idaho, Nevada, Utah)
2795 East Cottonwood Parkway Suite 390
Salt Lake City, UT 84121**

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.

Our evaluation of the First National Bank of Ely's (FNB) lending performance is based upon our review of loans originated in 2002 and 2003. We randomly selected 30 commercial loans and 30 one- to four-family residential real estate loans. We obtained demographic information from the 1990 United States Census.

- The bank's average loan-to-deposit ratio demonstrates a reasonable responsiveness to community credit needs and is comparable to similarly situated banks.

Similarly situated banks are those banks of similar business lines and comparable asset size operating in the same geography. Since no community banks are similarly sized and headquartered in FNB's assessment area, we compared the bank's loan-to-deposit ratio with two community banks headquartered in adjacent rural counties in eastern Nevada. Based on this comparison, FNB's loan-to-deposit ratio indicates a reasonable responsiveness to area credit needs. We averaged each bank's loan-to-deposit ratio for the last 17 quarters for comparison ending September 30, 2003. FNB's loan-to-deposit ratio ranged from 42 percent to 68 percent. The bank's average loan-to-deposit ratio of 57 percent is reasonable when compared to the 60 percent average for the two other institutions.

- FNB originated a substantial majority of its loans in the assessment area.

Specifically, 90 percent of the number and 94 percent of the dollar volume of all loans originated during the review period were made within the bank's assessment area.

- The bank has an excellent record of lending to individuals of different income levels.

Based on the 30 residential real estate borrowers sampled, the bank's distribution of loans to individuals in the low- and moderate-income categories exceeded the demographic comparators. While 50 percent of the bank's loans were made to low- and moderate-income borrowers, demographic data shows that only 40 percent of individuals in the AA fall into the low- and moderate-income category. Typically, it is more difficult for low- or moderate-income borrowers to qualify for mortgage loans based on annual income. Given this external constraint, the bank's performance of lending is excellent.

- First National Bank of Ely (FNB) has a reasonable distribution of loans among small businesses of different sizes.

The bank has achieved a reasonable distribution of loans among small businesses of different sizes. Based on demographic data obtained from 2002 Dun and Bradstreet reports, 71 percent of the assessment area businesses have sales less than \$1 million. FNB originated 60 percent by number and 43 percent by dollar amount of commercial

loans to small businesses. The smaller percentage by dollar amount is reasonable because larger businesses usually have larger loan needs.

- The geographic distribution of loans is not a meaningful analysis.

FNB's assessment area contains an insufficient number of demographically distinct areas to make a geographic distribution analysis meaningful. The assessment area consists of three census tracts; two are middle-income census tracts and one is moderate-income.

- FNB did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

First National Bank of Ely (FNB) is a full service community bank located in rural east-central Nevada. FNB has one office located in the town of Ely, Nevada. As of September 30, 2003, the bank had total assets of \$50 million. Net loans represented 31 percent of total assets. FNB has no banking affiliates or subsidiaries. FNB's primary business focus is to provide credit and deposit services to meet the needs of small businesses and consumers within the AA.

The prior Community Reinvestment Act Performance Evaluation was dated May 24, 1999, with a "Satisfactory" rating.

The bank does not have any financial or legal impediments that prevent it from meeting the credit needs of the community/assessment area.

Please refer to the bank's *CRA Public File* for more information.

DESCRIPTION OF WHITE PINE COUNTY

FNB's AA consists of White Pine County, Nevada, and is not part of a metropolitan statistical area. The AA is comprised of two middle-income census tracts and one moderate-income census tract. According to 1990 census data, 82 percent of the 3,982 housing units in the AA were owner occupied, and 17 percent were vacant. Census data also lists the population of the AA as 9,264. For 2003, the U.S. Department of Housing and Urban Development (HUD) estimates the non-metropolitan median income for Nevada at \$56,000. The average price of a home is about \$70,000.

White Pine County's economy is largely dependent upon government, trade, and service industries. Based on total number of employees in 2002, the AA's largest employers are the State of Nevada, the White Pine County School District, William Bee Ririe Hospital, White Pine

County, and the Bald Mountain Mine. FNB's competition in the AA comes from branches of a multi-national bank, a community bank headquartered in a different county, and two local credit unions.

We contacted a community development official in the assessment area to discuss economic conditions and credit needs. This individual stated that the local economy has improved with the resurgence of precious metals prices. Local financial institutions, and FNB in particular, are satisfactorily meeting the credit needs of the community.

Please refer to the bank's *CRA Public File* for more information.