



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Wyoming
Charter Number: 9428

120 West Camden-Wyoming Avenue
Wyoming, DE 19934-0000

Office of the Comptroller of the Currency

ADC-PHILADELPHIA (8104) Field Office
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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

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- The First National Bank of Wyoming's (FNBW) distribution of loans represents excellent penetration among individuals of different income levels and businesses of different sizes.
- FNBW's geographical distribution of loans reflects a reasonable penetration throughout the assessment area.
- FNBW's loan-to-deposit ratio is more than reasonable.
- A substantial majority of FNBW's primary loan products were originated within the bank's assessment area.
- FNBW's responsiveness to community development needs and opportunities in its assessment area is adequate.

Scope of Examination

The First National Bank of Wyoming (FNBW) was evaluated under the Intermediate Small Bank examination procedures, which include a Lending Test and a Community Development (CD) test. The Lending Test evaluates the bank's record of meeting the credit needs of its Assessment Area (AA) through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and community development services.

The lending test for FNBW covers its performance from January 1, 2009 through September 30, 2011, as this is representative of its lending strategy since the last CRA examination. The evaluation period for the CD test is from December 2, 2008 through January 3, 2012. CD loans, investments and services submitted by management were verified to ensure that they met the regulatory definition for community development.

FNBW's primary loan products are home mortgage and small business loans. The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). The reported HMDA data was tested and found to be reliable. Therefore, HMDA data was used to evaluate the bank's home mortgage performance. To evaluate the bank's small business lending performance, we selected a sample of thirty Community Reinvestment Act (CRA) small business loans made from January 1, 2009 through September 30, 2011. This sample represented a 20.6% penetration of the 146 small business loans originated during the evaluation period.

Description of Institution

FNBW is a full-service, intrastate bank headquartered in Wyoming, Delaware. As of September 30, 2011 FNBW had total average assets of \$286 million and tier-one capital of \$42.2 million. FNBW is wholly owned by First Wyoming Financial Corp., a one-bank holding company with consolidated assets of \$286 million. First Wyoming Financial Corps' sole asset is 100% ownership of FNBW's stock. There are no other subsidiaries. However, FNBW owns a 33% share of Delmarva Bank Data Processing Center, Inc., located in Easton, Maryland. First Wyoming Financial Corp and Delmarva Bank Data Processing Center, Inc. are not considered in this evaluation.

The bank offers a full range of deposit and loan products and services. Residential mortgage and small business lending are FNBW's primary loan products. Within the residential mortgage portfolio, the bank originates long-term mortgage loans for sale on the secondary market. Deposit products and services include free personal and business checking accounts as well as free internet banking, free phone banking and free bill pay.

In addition to the main office, FNBW operates five full-service branches, all with drive-ups and deposit-taking ATMs. Branches are open weekdays from 8:30 am until 5:00 pm, and Fridays until 6:00 pm. Saturday hours, from 8:30AM to 1:00PM, are available at all locations, except the Canterbury Office, which is closed on Saturday. FNBW did not open or close any branches during the evaluation period.

As of September 30, 2011, FNBW reported net loans of \$191 million and had a net loans and leases to total assets ratio of 64%. The total loan portfolio of \$191 million is 95% real estate, 3% commercial & other loans, and 2% consumer.

Loan Portfolio Summary by Loan Product September 30, 2011	
Loan Category	% of Gross Loans and Leases
Home Mortgage Loans	32.3%
Commercial RE Loans	43.9%
Commercial & Industrial	2.9%
Consumer Loans	1.9%
Construction and Land Development	16.3%
Other Loans	2.7%

September 30, 2011 Call Report:

The bank has no financial or legal impediments to meeting the credit needs of the community. The bank was rated "Satisfactory" at the last CRA examination using small bank procedures dated December 1, 2008.

Description of Assessment Area(S)

FNBW has one assessment area in Central Delaware, which is described below.

FNBW’s Assessment Area (AA)

FNBW’s AA is comprised of the entirety of Kent County, Delaware. Kent County is one of the state’s three counties, and located in Central Delaware. It is bounded on the north by New Castle County, the east by the Delaware Bay, the south by Sussex County, and the west by the State of Maryland. The AA is situated in the Dover, DE Metropolitan Statistical Area (MSA). FNBW’s current Kent County AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Demographic Information for Kent County AA					
	#	% Low	% Moderate	% Middle	% Upper
Geographies (Census Tracts)	34	0.00	8.82	73.53	17.65
Population by Geography	126,697	0.00	8.88	77.69	13.42
Owner-Occupied Housing by Geography	33,048	0.00	5.30	82.64	12.06
Businesses by Geography	14,643	0.00	7.23	79.04	13.73
Farms by Geography	754	0.00	4.77	89.52	5.70
Family Distribution by Income Level	33,688	18.78	18.66	23.18	39.38
Household Distribution by Income Level	12,612	0.00	12.94	79.26	7.80
Census Median Family Income (MFI)		\$46,506	Median Housing Value		\$104,047
HUD-Adjusted MFI: 2011		\$59,100	Unemployment Rate		6.8%
Households Below Poverty Level		10%			

Source: 2000 US Census and 2011 HUD updated MFI

*US Dept. of Labor, Bureau of Labor Statistics for Dover, DE MSA 11/11, not seasonally adjusted

The current local economy for Kent County, Delaware can be described as flat. The current nationwide recession has hampered growth within the AA, although the county’s diversified economy has somewhat helped it weather the downturn. The primary industries in AA are municipal, state, federal government/military, health care, education, retail sales, recreation and agriculture. Major employers in Kent County are the State of Delaware, Dover Air Force Base, Bayhealth-Kent County Hospital, Wal-Mart, Dover Downs, and Perdue Farms. The Dover, DE MSA seasonally non-adjusted unemployment rate is 6.8 percent as of November 2011. This is down slightly from 7.9 percent in October 2007, and compares favorably to the national unemployment rate of 8.2 percent for the same time period.

FNBW operates in a highly competitive market, with competition from community banking offices of major money-center banks, national mortgage companies, large regional mid-sized banks, savings banks, credit unions, captive finance companies, and money service businesses dealing in title loans. The top five institutions in the AA are Bank of America, Wells-Fargo, J.P.Morgan Chase, Metlife Bank, and ALLY/GMAC,

which have a collective 49% market share in the AA. The bank also faces competition from Wilmington Saving Fund Society, PNC Bank, TD Bank, and other local competitors.

Discussions with bank management determined that residential real-estate loans to low- and moderate-income borrowers, and financing for local small businesses are major community development needs necessary for the economic development of the AA.

In order to assist in the assessment of the bank's performance, a local economic development organization was queried. While the contact indicated the normal and historical need for more small business lending and affordable housing for low- and moderate-income individuals and families, the recession has brought about a new need. Downsizing in government and outsourcing in manufacturing and service industries caused higher rates of unemployment, and increased numbers of foreclosures. Increased foreclosures and time delays in the process have increased the number of vacancies in neighborhoods, which in turn is causing blight in areas traditionally populated by low- and moderate-income families. In order to combat this new threat the organization is seeking loans to fund Neighborhood Stabilization Initiatives, whereby foreclosed properties are rehabbed for rental to low- and moderate- income families.

The contact also stated that the decline in the real-estate market has hurt the residents of Kent County and would like to see more cooperation and partnerships between financial institutions and local community development organizations, by offering creative solutions to assist low- and moderate- income homeowners refinance "upside-down" mortgages at better rates, so they may continue to maintain occupancy and ownership of their residences.

Conclusions with Respect to Performance Tests

LENDING TEST

FNBW's performance under the lending test is outstanding. FNBW's loan-to-deposit ratio is more than reasonable. A substantial majority of FNBW's primary loan products are within FNBW's AA. FNBW was found to have excellent dispersion among borrowers of different income levels and businesses of different sizes. FNBW's geographical distribution of loans was reasonable, and took into account the AA does not contain any low-income census tracts, and only three moderate- income tracts.

The criteria for the lending test is documented below:

Loan-to-Deposit Ratio

FNBW's net loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and AA's credit needs. The bank's net loan-to-deposit ratio averaged 90.60% over the last 12 quarters since the previous CRA examination. This ratio ranged from a quarterly low of 79.92% to a quarterly high of 99.72% during the time period. The bank sells mortgages to the secondary market. During the evaluation period, FNBW sold over \$8.4 million of their home loans to the secondary market.

The bank’s net loan-to-deposit ratio compares favorably with other financial institutions of similar size, location and product offerings. The average net loan-to-deposit ratio for the nation-wide peer over the same 12 quarters was 79.61%. The peer ratio ranged from a quarterly low of 74.42% to a quarterly high of 86.90% during the time period.

Lending in Assessment Area

A substantial majority of FNBW’s primary loan products were made within the bank's AA. The following table details the bank’s lending within the AA by number and dollar amount of loans. Eighty-nine percent (rounded) of the number of primary-loan products were made within the AA, while eighty-five percent of the dollar amounts of primary-loan products were made within the AA.

Table 1 - Lending in Kent County AA										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	78	91.76	7	8.24	85	10,091	84.12	1,905	15.88	\$11,996
Home Refinance	204	87.93	28	12.07	232	27,053	83.88	5,198	16.12	\$32,251
Home Improvement	106	88.33	14	11.67	120	2,877	91.80	257	8.20	\$3,134
Business	27	90.00	3	10.0	30	4,457	96.00	197	4.00	\$4,654
Totals	415	88.9	52	11.1	467	44,478	85.48	7,557	14.52	\$52,035

*Source: HMDA data and sampled business loan data 1/1/2009-9/30/2011
Business loans from sample*

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

The distribution of loans within the bank’s AA reflects excellent penetration among individuals of different income levels and businesses of different sizes.

Home Loans

The distribution of home loans reflects excellent penetration to low- and moderate-income borrowers.

The percent of home improvement loans originated to low-income borrowers exceeds the percent of low-income families in the AA, while the percent of home improvement loans to moderate- income borrowers more than significantly exceeds the percent of moderate- income families in the AA.

The percent of home refinance loans originated to low-income borrowers is significantly lower than the percent of low-income families in the AA, while the percent of home refinance loans to moderate- income borrowers is equal to the percent of moderate-income families in the AA.

The percent of home purchases loans is significantly lower than the percent of low-income families in the AA, and the percent of home purchase loans is lower than the percent of moderate- income families in the AA.

Lending opportunities for home purchase loans to the low- income group are limited given the median home price in the AA of \$104,047. The maximum income which is considered low-income is \$27,650. In addition, forty-six percent of low- income families are below the poverty level. Low-income borrowers have difficulty qualifying for a home purchase loans in this price range.

Although market competition for these home mortgage loans is very aggressive, FNBW has done well originating home purchase, home improvement, and home refinance loans to low-income families. According to the 2010 Peer Mortgage Data, FNBW ranks 18th out of 211 lenders in the AA with a market share of 1.38 percent by number and 0.80 percent by dollar amount.

The bank’s market share of Home Purchase loans in the AA is 0.76, while the market share of Home Purchase loans to low- income families is 1.74 percent. The bank’s market share of Home Improvement loans in the AA is 9.09 percent, while the market share of Home Improvement loans to low- income families is 18.52 percent. The bank’s market share of Home Refinance loans in the AA is 1.85%, while the market share of Home Refinance loans to low- income families is 3.96 percent. Finally, the top five banks in the AA have a 49% market share of all home purchase, home improvement, and home refinance loans, based upon 2010 Peer Mortgage Data (USPR).

The following table shows the distribution of home loan products among borrowers of different income levels for the period of January 1, 2006 through September 30, 2008 as compared to the percent of families in each income category.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Kent County AA								
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	18.78	8.62	18.66	13.79	23.18	13.79	39.38	63.79
Home Improvement	18.78	21.13	18.66	36.62	23.18	15.49	39.38	26.76
Home Refinance	18.78	10.29	18.66	18.38	23.18	16.18	39.38	55.15

Source: HMDA data for 1/1/2009-9/30/2011 and HUD-updated 2000 U.S. Census data

Business Loans

The distribution of loans to businesses within the bank’s AA reflects excellent penetration among businesses of different sizes. During the loan sampling period, 96% of bank loans (by number) and 55% (by dollar amount) generated were to small businesses with gross annual revenues of one million dollars or less. This is considered excellent compared to demographic data that shows 67.13% of the area’s businesses are considered small businesses. Another indication the bank is lending to small businesses is the size of the loans. We found that 83% of the business loans in our sample were loans under \$250 thousand and the average loan amount was \$149 thousand, which provides additional support for an excellent distribution of loans to small businesses.

The following table shows the distribution of commercial loans among different sized businesses in the AA.

Table 2A - Borrower Distribution of Loans to Businesses in Kent County AA				
Business Revenues (or Sales)	< \$1,000,000	≥\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	67.1	2.44	30.25	100%
% of Bank Loans in AA by #	96.00	4.00	0	100%
% of Bank Loans in AA by \$	55.00	45.00	0	100%

Source: small business loans sampled from 1/1/2009 to 9/30/2011 and 2000 U.S. Census data.

Geographic Distribution of Loans

The geographic distribution of loans reflects a reasonable dispersion throughout the bank’s AA.

There is a conspicuous gap of loans identified in one moderate-income census tract (411.0) located in the AA. The HMDA data identified no home-mortgage loans being made within this census tract during the evaluation period, and through our sample, we determined no small business loans were originated as well. After a review of the Census/Gov/Geo/Maps it was determined that census tract 411.0 is comprised of the entirety of Dover Air Force Base. This is a United States Government military installation. There are no privately owned homes in this census tract.

The bank’s AA contains no low-income census tracts. Therefore, we did not evaluate lending in these areas.

Home Loans

The bank’s geographic distribution of home loans in FNBW’s AA reflects a reasonable dispersion throughout the moderate-income census tracts.

The percent of lending for home improvement loans in the moderate-income geographies exceeds the percent of owner-occupied housing in these geographies. The percent of lending for home refinancing in the moderate-income geographies almost meets the percent of owner-occupied units. The percent of lending for home purchase loans in the moderate-income geographies is somewhat lower than the percent of owner-occupied units. Again, home purchase lending in these moderate-income geographies is limited given the \$104 thousand median cost of housing, while 53% of the households in moderate- income tracts are considered low- or moderate-income. Many of these families would have difficulty qualifying for a home purchase loan. Another factor is only 39% of households in moderate-income census tracts are owner-occupied which further limits home purchase and refinancing opportunities.

Following is a table that details the bank’s performance as compared to the percentage of owner-occupied housing units in each census tract income level.

Table 3 – Geographic Distribution of Residential Real Estate Loans in Kent County AA								
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	N/A	N/A	5.30	1.72	82.64	89.66	12.06	8.62
Home Improvement	N/A	N/A	5.30	5.56	82.64	88.89	12.06	5.56
Home Refinance	N/A	N/A	5.30	4.38	82.64	88.32	12.06	7.30

Source: HMDA data for 1/1/2009 - 9/30/2011 and 2000 U.S. Census data

Business Loans

The bank’s geographic distribution of business loans reflects reasonable dispersion throughout the moderate-income census tracts. Although the percentage of small business loans FNBW originated in moderate-income census tracts was lower than the percentage of small businesses located in moderate-income census tracts, FNBW’s performance is still considered reasonable given the low number of small businesses (1,058) in the three moderate-income census tracts. In addition, strong competition from regional community-banking offices of large money-center banks, national issuers of business credit cards, regional banks and credit unions make it difficult for a bank of FNBW’s size to generate loans of this type.

Following is a table that details the bank’s performance as compared to the percentage of businesses in each census tract income level.

Table 3A – Geographic Distribution of Loans to Businesses in Kent County 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	N/A	N/A	8.82	6.67	73.53	90.00	17.65	3.33

Source: small business loans sampled from 1/1/2009 to 9/30/2011 and 2011 Business Geodemographic Data

Responses to Complaints

There are no reported complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The Community Development Test is rated **Satisfactory**. The bank’s community development performance demonstrates adequate responsiveness to community development needs in its assessment area(s) through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the bank’s AA.

Number and Amount of Community Development Loans

FNBW participates in the Delaware Community Investment Corporation (DCIC) Housing Loan Program. This program provides long term permanent financing to nonprofit and for-profit developers for the development of affordable housing for low- and moderate-income individuals, families, disabled, and the elderly in Kent County. Since 1994, DCIC has established four funds totaling \$103 million. Through the programs, 60 developments have been financed, providing over 4,000 units of housing. The DCIC underwrites, approves and settles the loan. FNBW, along with other banks participate based on their pro-rata share of the Fund. DCIC services the loans and remits the monthly pro-rata share of principal and interest to banks. DCIC monitors developments, reviews financials and performs semi-annual site visits. During the evaluation period the bank has participated in forty-two DCIC Community Development loans for a total amount of \$385 thousand, which is almost one percent of the bank's Tier-1 capital.

The bank also maintains a portfolio of \$9.6 million of loans to various community organizations, which while not considered Community Development loans, help fulfill the borrowing needs of the community, and assist in the stabilization of Kent County. These include loans to various church and religious organizations, fraternal organizations, first responder organizations, drug rehabilitation programs, and youth athletic organizations.

Number and Amount of Qualified Investments

During the evaluation period, FNBW made 71 qualifying grants and donations totaling almost \$16 thousand in the AA. These grants and donations benefit low- and moderate-income individuals and families as well as small businesses within the assessment area.

While not a qualified investment, at this point in time, the bank owns a single family residence adjacent to its main office. At present the residence is vacant. However, FNBW reserves and maintains this property for the sole use of Habitat for Humanity personnel whenever they are working on local projects by providing free housing. FNBW forfeits a market rent of approximately \$900 per month in addition to expensing upkeep costs, real estate tax, and utilities to maintain the availability of this property for Habitat for Humanity.

FNBW made no qualifying community development investments during the evaluation period. Investment opportunities are limited in the Kent County AA and are extremely hard to come by given FNBW's small size and the fierce competition for such opportunities. The bank however, did hold one local issue in the amount of \$235 thousand for low- income housing. The issue was called on 12-1-2011. The bank also holds \$5,000 in DCIC stock.

Extent to Which the Bank Provides Community Development Services

FNBW operates six branches, one of which is located in a moderate- income census tract, while two others are adjacent to moderate- income census tracts. All branches are

full-service, have evening hours during the week, and all except one have Saturday banking hours. All branches have drive-ins and ATM machines. In order to meet the retail and community development service needs, FNBW offers free personal checking to all customers in addition to free business checking with no minimum required balance. This free checking service offers low- and moderate-income individuals the protection of a conventional bank account, in lieu of reliance on expensive check-cashing MSBs. Likewise, it provides an economic opportunity for small businesses. The bank also offers free internet banking with bill-pay as well as free Ultraphone banking. During the evaluation period, FNBW offered free check-cashing to local migrant workers who are not customers of FNBW.

FNBW promotes children's financial literacy with their school banking program, whereby bank personnel visit local schools on a weekly basis and open accounts and accept deposits from students.

The bank extends the accessibility of its services to low- and moderate-income customers through its internet site. In addition to transactional access, the bank provides on-line calculators so customer may calculate auto loan payments, college loan payments, set a goal time to pay off credit card balances with a pay-off amortization calculator, targeted savings programs, and a currency converter. The website also has an Education Center which provides information regarding Check 21, FDIC deposit account guarantee, and provides information to assist customers in preventing identification theft and phishing scams.

The bank had offered a first time homebuyers program to low- and moderate-income families. However, due to the highly stressful economy of recent years there has been no demand for this product during the evaluation period.

The bank has no minimum loan requirement. A borrower can obtain an unsecured installment loan with fixed monthly payments for as little as \$200. This service provides an economical alternative to high APR interest rates and fees for pay-day loans to low- and moderate-income borrowers.

FNBW also meets the community banking needs of its Amish farmer population by waiving the requirement for fire and casualty insurance on home and farm mortgages in lieu of a written pledge from the Amish Community Elders guaranteeing self-insurance protection.

During the evaluation period, various bank employees provided financial expertise and leadership services to three different qualifying community development organizations serving the AA. The following are the CD services provided by FNBW in which employees hold key positions:

- **Central Delaware Chamber of Commerce:** The general purpose of this organization is to advance the balanced economic development of Central Delaware by promoting civic, industrial, commercial, agri-business and social interests of the community.

-Board Member

- **Delaware Bankers Association Financial Education Alliance:** This is a non-profit private trade association of Delaware banks which provides numerous financial literacy programs targeted to low- and moderate-income individuals.
-Education Committee Member
- **Habitat for Humanity:** This is a nonprofit, ecumenical Christian housing ministry which seeks to eliminate poverty housing and homelessness from the world and to make decent shelters for those in need.
-Various Employees

Responsiveness to Community Development Needs

FNBW's community development activities, as a whole, demonstrate adequate responsiveness to the needs and opportunities in this AA.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.