



PUBLIC DISCLOSURE

March 06, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Ely
Charter Number 8561

595 Aultman Street
Ely, NV 89301

Office of the Comptroller of the Currency

2795 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.

The factors supporting the bank's overall rating include the following:

- First National Bank of Ely's (FNB Ely) average loan-to-deposit ratio since the last examination is reasonable.
- The bank's record of lending to borrowers with different incomes is more than reasonable.
- The bank originated a substantial majority of its loans in the assessment area (AA).
- FNB Ely did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.

SCOPE OF EXAMINATION

The evaluation period for this examination is June 23, 2008 to February 28, 2013. We used small bank procedures to evaluate the bank's performance under the Community Reinvestment Act (CRA). The bank's primary lending product by number is consumer loans, and its primary lending product by dollar amount is commercial loans. Consumer loans comprise 56 percent of the bank's loan origination by number, while commercial loans account for 60 percent of the dollar amount of the bank's loan portfolio. To assess the bank's lending performance, we reviewed a sample of 21 consumer loans and 20 commercial in the AA. Our samples represented loan originations between January 1, 2010 and December 31, 2013.

DESCRIPTION OF INSTITUTION

FNB Ely is a \$85 million institution located in rural east-central Nevada. The bank has one full service office located in the town of Ely, NV. FNB Ely offers traditional services and loan products typically associated with a rural community bank. As of December 31, 2013, net loans and leases totaled \$13 million, representing 15 percent of total assets. FNB Ely competes for business in White Pine County with one credit union, one state bank, and one branch of a national banking company. There are no legal or financial impediments that limit the bank's ability to meet the credit needs of the assessment area. FNB Ely received a "Satisfactory" rating at its last CRA examination dated June 23, 2008.

DESCRIPTION OF WHITE PINE COUNTY, NEVADA

The bank has designated White Pine County, Nevada as its assessment area (AA). The AA is comprised of two middle-income census tracts and one moderate-income census tract. According to 2010 United States Census data, the population of White Pine County was 10,030. Approximately 26 percent of AA families are low-income, 17 percent are moderate-income, 23 percent are middle-income, and 34 percent are upper-income; 12 percent of households are below the poverty level. The weighted average updated median family income in Nevada non-MSAs is \$58,023. According to the United States [Bureau of Labor Statistics](#), the unemployment rate in White Pine County as of December 31, 2013, was 9.0 percent. Major employers in the county include the Robinson Nevada Mining Company, the Department of Corrections, White Pine County School District, and William Bee Ririe Hospital.

In order to gain a better understanding of the economic conditions and credit needs within the bank's assessment area, we contacted a community development official within White Pine County. The official stated that the local economy is static and has been impacted by recent environmental regulatory changes. According to the community contact, financial institutions within the assessment area, in particular FNB Ely, are satisfactorily meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNB Ely's average loan-to-deposit ratio since the last exam is reasonable. Since no community banks are similarly sized, and headquartered within the bank's AA, we compared the bank's loan-to-deposit ratio with that similarly sized community banks in Nevada counties. FNB Ely averaged 28 percent during this period compared to 75 percent for the comparable banks. During this period, FNB Ely's loan-to-deposit ratio ranged between 17 and 43 percent. Based on this comparison, FNB Ely's average loan-to-deposit ratio appears low. However, the bank's ratio is reasonable given the limited lending opportunities available in the rural AA and based on the material differences in the economies of the different locations. The loan-to-deposit ratio is also skewed by the number of small dollar consumer loans products, many under \$1,000, that are made to customers. To arrive at the average loan-to-deposit ratio for the banks, we averaged information since the prior CRA public evaluation ending with June 2008.

Lending in Assessment Area

The bank originated a substantial majority of its loans within the AA. Based on our sample, FNB Ely originates 95 percent of its loans by number and 78 percent by dollar amount within its assessment area.

Lending to Borrowers of Different Incomes

FNB Ely's record of lending to borrowers of different incomes exceeds the standard for satisfactory performance.

The bank's lending performance demonstrates excellent penetration in lending to low- or moderate-income borrowers. The bank's distribution of consumer loans compared to the percentage of assessment area low- and moderate-income households exceeded demographic comparators. Based on our sample of consumer loans, the bank made 46 percent of its consumer loans to moderate-income borrowers and 54 percent to middle-income borrowers. This compares favorably with the percentages of moderate- and middle-income households in the AA of 13 and 21 percent respectively.

FNB Ely's performance in making commercial loans to borrowers of different incomes also demonstrates excellent penetration in lending to non-farm businesses with revenues less than \$1 million. Based on our sample of non-farm businesses, the bank made 90 percent of loans by number and 76 percent by dollar to non-farm businesses with revenues less than \$1 million. The demographics indicate that 66 percent, by number, of no-farm businesses in the AA have revenues less than \$1million.

Geographic Distribution of Loans

Analysis of the geographic distribution of loans within the assessment area does not produce a meaningful analysis. The bank's assessment area is limited to two middle-income and one moderate-income census tracts.

Responses to Complaints

Neither the Office of the Comptroller of the Currency nor the bank received any complaints about its CRA performance during the evaluation period.

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.