FDIC State Profile

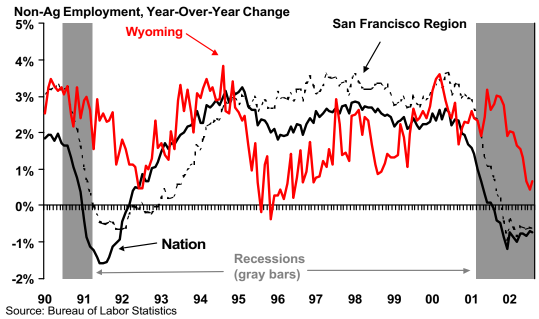
WINTER 2002

Wyoming

Employment growth in Wyoming was positive through August 2002, primarily because of strength in the government and service sectors.

- Wyoming ranked eighth among all states in the nation in the increase in nonfarm payroll employment at 0.4 percent (see chart). Year-over-year employment gains were greatest in the government and services sectors. Each represents about one quarter of the state's jobs. However, employment conditions worsened in the mining, construction, and manufacturing sectors.
- Lower oil and mineral prices depressed mining employment and contributed to a 33 percent decline in tax revenues for the fiscal year ending June 2002.

Sluggish Growth in the Mining, Construction, and Services Sectors Depressed Overall Job Growth in Wyoming



Source: Bureau of Labor Statistics

Drought conditions in Wyoming are hurting the state's agricultural producers—particularly cattle ranchers and grain growers.

- The drought has adversely affected crop producers; however, cattle producers, which generate more than 75 percent of Wyoming's agricultural revenues, are feeling the effects of the drought more severely than are crop producers.
- Dry conditions have severely reduced the supply and quality of hay and grazing pastureland, which has forced some operators to sell cattle at discounted prices to ranchers in areas not stricken by drought, or to ship beef cows for slaughter early.
- Poor crop yields and lower beef prices could adversely affect insured institutions that hold agricultural loan concentrations. As of mid-2002, 45 percent of the state's 49 insured institutions reported agricultural loan-to-Tier 1 capital ratios exceeding 100 percent.
- Despite the stresses on the agricultural industry, the state's agricultural lenders reported a median overall past-due loan ratio of 2.46 percent, virtually unchanged from a year-ago. However, should drought conditions persist, asset quality could deteriorate.

According to the NOAA's Drought Oulook, Dry Conditions May Persist in Wyoming

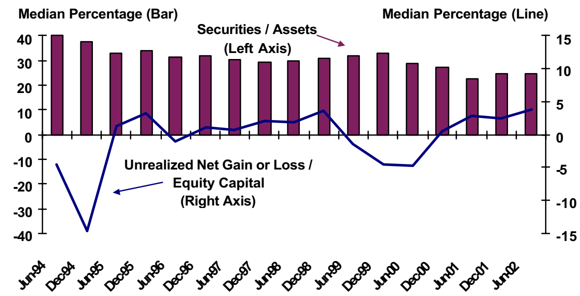
Source: National Oceanic and Atmospheric Administration; data released October 17, 2002. http://www.cpc.ncep.noaa.gov/products/expert_assessment/seasonal_drought.html

Earnings performance held steady among insured institutions headquartered in Wyoming between mid-2001 and mid-2002, despite widening net interest margins and deteriorating asset quality.

- The median after-tax return on average assets (ROA) ratio among the state's insured institutions increased year-over-year through second quarter 2002. However, this trend was at least in part attributable to the fact that 7 institutions elected Subchapter S tax status during the period.[1] Almost half of the state's insured institutions had elected Subchapter S tax status as of second quarter 2002, up from 12 percent in mid-1997.

- The median *pre-tax* ROA, which is less prone to distortions created by changes in tax status, was 1.82 percent, slightly below the 1.83 percent reported one year earlier. Higher overhead-to-average asset ratios among most institutions suppressed ROA gains, despite widening net interest margins.
- Approximately 43 percent of institutions headquartered in the state realized securities gains that boosted income during the first half of 2002. However, should interest rates rise, opportunities to realize gains may no longer be available. In fact, during 1994, a period of rising interest rates, unrealized securities losses among Wyoming's insured institutions represented a significant portion of equity capital (see chart).

Unrealized Securities Portfolio Gains Could Evaporate Once Interest Rates Increase

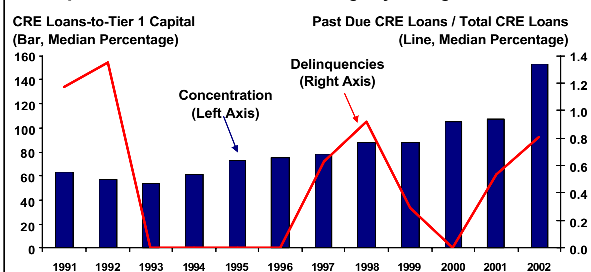


Source: Wyoming Bank and Thrift Call Reports

Growing commercial real estate (CRE) loan concentrations among Wyoming's insured institutions are a concern given year-over-year increases in past-due CRE credits.

- Since the early 1990s, the median commercial real estate loan[2]-to-Tier 1 capital ratio among Wyoming's insured institutions has more than doubled from 63 to 153 percent.
- Construction and development (C&D) loans, one of the traditionally more risky components of CRE lending, contributed materially to the trend. The state's median C&D loan-to-Tier 1 capital ratio increased more than seven-fold from 4 to 24 percent during the ten year period ending second quarter 2002.
- A slowing real estate sector within the state has adversely affected demand for commercial construction and space. Perhaps as a result, the median past-due CRE loan ratio reported by established community non-specialty institutions in Wyoming has increased since 2000 (see chart).
- Credit quality of C&D loans used to finance residential construction may be adversely affected by the fact that Wyoming has experienced negative net migration in each of the past six years. Demand for housing and construction jobs could be dampened going forward. The number of home sales in second quarter 2002 was off by 5 percent compared to prior-year levels.

Commercial Real Estate Loan Concentrations and Delinquencies Have Increased Among Wyoming Institutions



Note: Includes Wyoming-based insured institutions open at least three years, holding less than $1 billion in total assets, and with consumer loan-to-Tier 1 capital ratios less than 200 percent. Commercial real estate (CRE) loans include nonfarm-nonresidential, multifamily, and construction credits.

[1] Banks with a Subchapter S tax election do not pay taxes at the corporate level. Instead, taxes on bank income are paid at the shareholder level. As a result, after tax ROA ratios among Subchapter S institutions tend to appear higher than for other insured institutions.

[2] Commercial real estate loans include mortgages secured by nonfarm-nonresidential, multifamily, and construction projects.

Wyoming Insured Institutions at a Glance

General Information	Jun-02	Jun-01	Jun-00	Jun-99	Jun-98	Jun-97
Institutions (#)	49	50	54	53	56	57
Total Assets (in thousands)	7,212,757	8,151,626	8,911,371	8,789,326	9,231,250	8,361,917
New Institutions (# <3 years)	0	1	2	2	2	1
Capital						
Tier 1 Leverage (median)	8.32%	8.46%	8.98%	9.06%	8.98%	9.13%
Asset Quality						
Past-Due and Nonaccrual (median)	1.74%	1.60%	1.41%	1.61%	1.91%	1.78%
Loan Loss Reserves/Total Loans (median)	1.28%	1.38%	1.39%	1.43%	1.35%	1.23%
Loan Loss Reserves/ Noncurrent Loans (median multiple)	2.34	2.49	2.88	2.01	2.08	2.24
Earnings						
Percent Unprofitable	0.00%	2.00%	3.70%	3.77%	3.57%	0.00%
Return on Assets (median)	1.54%	1.34%	1.37%	1.33%	1.41%	1.31%
Net Interest Margin (median)	4.54%	4.35%	4.78%	4.55%	4.83%	4.95%
Yield on Earning Assets (median)	6.74%	8.14%	8.17%	7.76%	8.19%	8.40%
Cost of Funding Earning Assets (median)	2.31%	3.73%	3.52%	3.32%	3.57%	3.60%
Provisions to Avg. Assets (median)	0.08%	0.10%	0.11%	0.08%	0.09%	0.11%
Noninterest Income to Avg. Assets (median)	0.55%	0.59%	0.59%	0.60%	0.60%	0.68%
Overhead to Avg. Assets (median)	2.91%	2.86%	3.00%	2.94%	3.03%	2.92%
Liquidity/Sensitivity						
Loans to Assets (median)	60.03%	63.06%	60.50%	56.69%	56.52%	56.61%
Brokered Deposits (# of Institutions)	5	4	5	7	4	2
Brokered Deps./Assets (median for above inst.)	1.30%	1.20%	1.01%	1.58%	1.00%	1.36%
Noncore Funding to Assets (median)	15.48%	18.98%	17.54%	16.11%	14.03%	13.70%
Loan Concentrations						
Median Commercial RE to Tier 1	152.97%	123.57%	110.70%	93.88%	89.56%	74.25%
Commercial RE = Construction, Multifamily, and Nonres.						
Median Commercial & Industrial to Tier 1	141.03%	130.99%	126.47%	112.61%	102.71%	108.53%
Median Residential RE to Tier 1	106.06%	119.54%	107.46%	107.29%	133.59%	132.22%
Median Agricultural to Tier 1	96.12%	92.95%	91.36%	101.35%	109.09%	79.01%
Median Consumer to Tier 1	73.87%	74.02%	68.39%	73.29%	77.78%	82.53%
Consumer = Credit Card and other non-RE secured						
Median Construction to Tier 1	23.90%	15.81%	11.97%	10.26%	12.15%	8.49%
Primary Regulator						
FDIC	8	10	11	11	11	11
OCC	20	20	21	20	21	19
FRB	17	16	18	18	20	23
OTS	4	4	4	4	4	4
Asset Distribution						
$0 to $100 million	28	32	35	36	41	43
$100 to $250 million	17	13	15	13	11	10
$250 to $500 million	3	3	1	1	1	1
$500 million to $1 billion	0	0	1	1	1	1
$1 to $3 billion	1	2	2	2	1	2
$3 to $10 billion	0	0	0	0	1	0
Over $10 billion	0	0	0	0	0	0

MSA Distribution	# of Inst.	Assets	% Inst.	% A:ssets
Not in an MSA	42	4,267,652	85.71%	59.17%
Cheyenne WY	5	358,961	10.20%	4.98%
Casper WY	2	2,586,144	4.08%	35.86%