

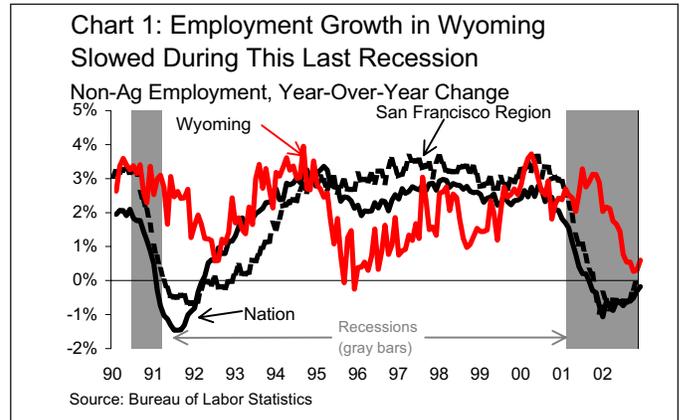
FDIC State Profile

SPRING 2003

Wyoming

Employment in Wyoming has slowed because of sluggishness in the manufacturing and mining sectors.

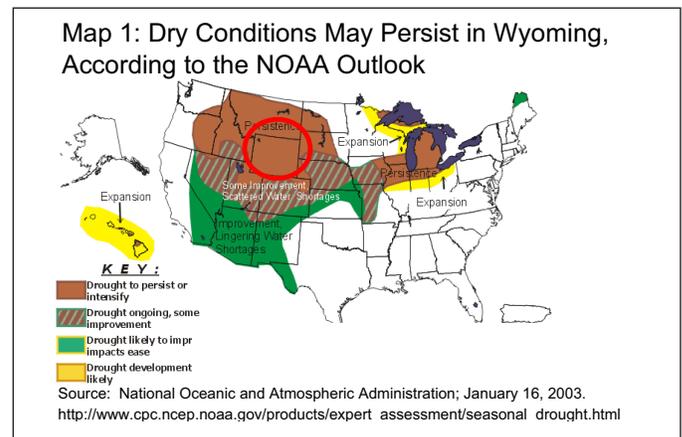
- Nonfarm payroll employment in Wyoming expanded 0.5 percent year-over-year as of December 2002 (see Chart 1). Employment gains during this period were greatest in the construction, government, and services sectors.
- The construction sector performed relatively well, in part as a result of the warehouse expansion of Sierra Trading Post, and the accelerated construction of a Lowe's distribution center. The residential construction industry was also reportedly strong, with the dollar value of construction permits increasing 9.5 percent during 2002 compared to a year earlier.
- Employment conditions deteriorated during 2002 in the mining and manufacturing sectors, in part because of layoffs at FMC Westvaco, Wyoming's largest soda ash producer.
- Mining for oil and gas and coal represented twenty percent of Wyoming's Gross State Product (GSP) during 2000. In addition, state and local government, which represents almost ten percent of the GSP, relies heavily on mineral-



related taxes as a source of revenue. These significant exposures increase the state's vulnerability to fluctuations in commodity prices.

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

- Precipitation in Wyoming was reported to be 70 to 80 percent below average during the past three years; and 2002 was the second driest year in more than one hundred years (see Map 1).
- Cattle producers, which generate more than 75 percent of the state'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, forcing some operators to sell cattle at discounted prices or ship them for slaughter.
- As of September 2002, 42 percent of the state's 50 insured institutions reported agricultural loan-to-Tier 1 capital ratios exceeding 100 percent. Despite the stresses on the agricultural sector, these lenders reported a median overall past-due loan ratio of 1.28 percent, the lowest in over a decade. However, should drought conditions persist, asset quality could deteriorate.

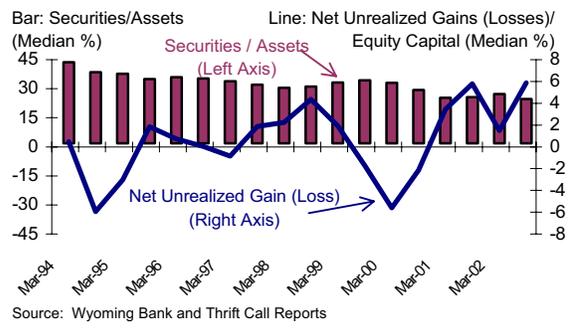


State Profile

Insured institutions headquartered in Wyoming have reported relatively stable earnings during the past several years, though asset quality has shown some signs of deterioration.

- The median return on assets (ROA) reported by all Wyoming insured institutions was 1.56 percent as of September 30, 2002. The median *pre-tax* ROA, which is less prone to distortions created by institutions that have elected Subchapter S tax status,¹ was 1.87 percent. This compares favorably to the national median of 1.50 percent and was essentially unchanged from a year earlier. The median net interest margin increased 16 basis points to 4.62 percent during the same period, but was offset by lower non-interest income and higher overhead expenses.
- Half of the insured institutions headquartered in Wyoming realized securities gains in 2002, and 14 percent of all Wyoming institutions reported gains exceeding 10 percent of pre-tax ROA. The number of institutions realizing large gains has risen sharply as declining interest rates have increased the value of securities portfolios. However, should interest rates rise, opportunities to realize gains may no longer exist. During periods of rising rates (1994 and 2000), Wyoming institutions reported median unrealized *losses* on securities portfolios of about six percent of Tier 1 capital (see Chart 2).

Chart 2: Unrealized Gains Evaporated In 1994 and 2000 When Interest Rates Increased

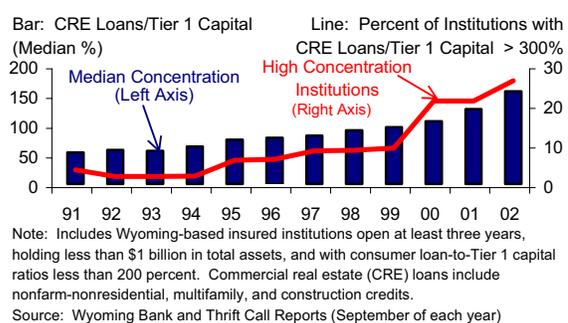


- Asset quality among insured institutions headquartered in Wyoming has shown some signs of weakness. Past-due loan levels climbed from 1.15 percent as of third quarter 2001 to 1.41 percent a year later. Despite the recent deterioration, the past-due loan ratio, remains well below the national average of 1.83 percent.

Growing commercial real estate (CRE) loan concentrations among Wyoming's insured institutions are a potential concern, particularly for banks that have not experienced a full real estate cycle.

- Since the early 1990s, the median commercial real estate loan²-to-Tier 1 capital ratio among Wyoming's insured institutions has more than doubled from 64 to 151 percent. The number of institutions reporting ratios over 300 percent of Tier 1 capital has increased more significantly; nearly a quarter of all Wyoming-based insured institutions reported these relatively high exposures as of September 2002 (see Chart 3).
- Construction and development (C&D) loans contributed materially to the trend. The median C&D loan-to-Tier 1 capital ratio among insured institutions headquartered in Wyoming quadrupled from 5.4 to 21.9 percent during the past 10 years. As of September 2002, seven institutions reported ratios greater than 100 percent of Tier 1 capital.

Chart 3: Wyoming-Based Insured Institutions Report Increased CRE Loan Concentrations



¹ Twenty-four of Wyoming's 50 insured institutions had elected Subchapter S status as of September 30, 2002. Banks with a Subchapter S tax election do not pay taxes at the corporate level. As a result, after-tax ROA ratios among these institutions tend to be higher than for other insured institutions.

² Commercial real estate loans include mortgages secured by non-farm-nonresidential, multifamily, and construction projects.

State Profile

Wyoming at a Glance

General Information	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Institutions (#)	50	50	52	53	56
Total Assets (in thousands)	7,505,399	8,549,535	7,646,019	8,842,551	9,579,975
New Institutions (# < 3 years)	1	1	1	2	2
New Institutions (# < 9 years)	4	3	3	3	2
Capital	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Tier 1 Leverage (median)	8.65	8.59	8.81	9.14	9.01
Asset Quality	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Past-Due and Nonaccrual (median %)	1.41%	1.15%	1.41%	1.45%	1.75%
Past-Due and Nonaccrual ≥ 5%	4	3	5	3	7
ALLL/Total Loans (median %)	1.24%	1.37%	1.43%	1.43%	1.38%
ALLL/Noncurrent Loans (median multiple)	2.39	2.59	2.27	2.48	1.78
Net Loan Losses/Loans (aggregate)	0.43%	0.66%	0.09%	0.12%	0.11%
Earnings	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Unprofitable Institutions (#)	1	2	2	2	2
Percent Unprofitable	2.00%	4.00%	3.85%	3.77%	3.57%
Return on Assets (median %)	1.56	1.34	1.35	1.34	1.42
25th Percentile	0.96	0.82	1.04	1.05	1.11
Net Interest Margin (median %)	4.62%	4.46%	4.68%	4.59%	4.89%
Yield on Earning Assets (median)	6.64%	7.88%	8.24%	7.76%	8.26%
Cost of Funding Earning Assets (median)	2.23%	3.59%	3.66%	3.28%	3.57%
Provisions to Avg. Assets (median)	0.10%	0.11%	0.10%	0.09%	0.10%
Noninterest Income to Avg. Assets (median)	0.55%	0.58%	0.57%	0.63%	0.62%
Overhead to Avg. Assets (median)	2.91%	2.85%	2.92%	2.91%	2.99%
Liquidity/Sensitivity	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Loans to Deposits (median %)	69.23%	70.71%	70.72%	64.90%	65.83%
Loans to Assets (median %)	58.10%	61.75%	60.49%	56.77%	56.43%
Brokered Deposits (# of Institutions)	5	3	4	5	6
Bro. Deps./Assets (median for above inst.)	1.82%	4.07%	1.85%	0.55%	1.63%
Noncore Funding to Assets (median)	16.25%	17.46%	16.67%	16.62%	14.53%
Core Funding to Assets (median)	72.76%	71.72%	71.33%	73.06%	73.74%
Bank Class	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
State Nonmember	9	10	10	11	11
National	21	20	20	20	21
State Member	17	16	18	18	20
S&L	1	1	1	1	1
Savings Bank	2	3	3	3	3
Mutually Insured	0	0	0	0	0
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	42	4,418,548	84.00%	58.87%	
Cheyenne WY	6	398,514	12.00%	5.31%	
Casper WY	2	2,688,337	4.00%	35.82%	