



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 09, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First National Bank of Gillette
Charter Number: 15158

319 South Gillette Avenue
Gillette, WY 82716-0000

Office of the Comptroller of the Currency

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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: Satisfactory.

The Community Development Test is rated: Satisfactory.

- First National Bank of Gillette's (FNBG) loan-to-deposit (LTD) ratio is reasonable in comparison to similarly situated banks in Wyoming (WY).
- A substantial majority of FNBG's loan originations during the evaluation period are within the bank's assessment area (AA).
- The distribution of loans to borrowers of different incomes and businesses of different sizes is satisfactory.
- FNBG's responsiveness through community development (CD) lending, investments, and services is satisfactory.
- There have been no consumer complaints regarding FNBG's Community Reinvestment Act (CRA) performance during the evaluation period.

Scope of Examination

This evaluation covers the period from the date of the previous CRA examination, January 26, 2009, through January 9, 2012. We evaluated FNBG's CRA performance using Intermediate Small Bank examination procedures, which include a lending test and a CD test. The lending test evaluates the bank's record of meeting the credit needs of its 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 CD services.

The CD test covered the entire evaluation period. We reviewed CD loans, qualified investments, and CD services submitted by management for consideration to verify that they met the regulatory definition for community development.

In evaluating the bank's lending performance, we reviewed a sample of the bank's primary loan products originated during the period of January 1, 2009 through September 30, 2011. For purposes of this evaluation, the primary loan types are residential real estate loans and business loans. These two products represent 90% by dollar volume and 60% by number of loans originated. The following table shows the volume of loans originated during the evaluation period.

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Residential Real Estate Loans	65%	41%
Business Loans	25%	19%
Consumer Loans	9%	38%
Farm Loans	1%	2%
Total	100%	100%

FNBG maintains CRA data on residential real estate loans. We conducted a data integrity review to test the accuracy of the information. We determined that FNBG's CRA data for residential real estate loans was accurate; therefore, all residential real estate loans originated from January 1, 2009 through September 30, 2011 were included in our analysis. Our evaluation of businesses loans is based on a sample of 22 business loans from the AA.

An analysis of the geographic distribution of loans was not performed. All geographies within the AA are designated as either middle- or upper-income. Therefore, an analysis would not have been meaningful.

Description of Institution

FNBG is a community bank operating in Gillette, WY. The bank is 100% owned by First National Bank of Gillette Holding Company, which is also headquartered in Gillette, WY. As of September 30, 2011, FNBG had total assets of \$409 million, with net loans representing 30% of total assets. The bank's primary focus is residential real estate and business lending. By dollar amount, the loan portfolio consisted of 60% real estate loans, 22% business loans, 12% consumer loans, 4% other loans, and 2% agricultural loans.

There were no acquisition or merger activities during the evaluation period. FNBG does not have any financial or legal impediments that prevent it from meeting the credit needs of the AA. The prior CRA Performance Evaluation dated January 26, 2009, resulted in a "Satisfactory" rating.

FNBG is responsive to the needs of the communities it serves as identified through a community contact. We conducted a community contact with a statewide nonprofit organization whose primary purpose is to create and preserve affordable housing. The community contact indicated that there is an opportunity to support home ownership counseling and financial literacy efforts. The contact also indicated that there is a need for affordable construction and permanent financing of multifamily projects. Overall, the contact indicated that financial institutions are supporting the credit needs of the state.

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

Description of Assessment Area

FNBG's AA includes all of Campbell County and consists of three upper-income CTs, four middle-income CTs, and no low- or moderate-income (LMI) CTs. The AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude LMI geographies.

Competition from other financial institutions is strong. According to the FDIC Insured Institutions Deposit Market Share Report, nine financial institutions have a presence in the AA, with twelve offices throughout Campbell County. FDIC market share data as of June 30, 2011 indicates FNBG's statewide deposits total \$345 million, which equates to a 36% market share.

According to 2000 U.S. Census Data, the total population of this AA is 33,698. Approximately 12% of the families were classified as low-income, 16% as moderate-income, 23% as middle-income, and 49% as upper-income. The 2000 U.S. Census Data indicates 8% of families in this AA live below the poverty level.

Business Geodemographic Data for 2011 shows 5,388 businesses in the AA: 3,640 (68%) have revenues of \$1 million or less, 164 (3%) have revenues over \$1 million, and 1,584 (29%) did not report revenues.

Performance Tests

LENDING TEST

FNBG's performance under the lending test is satisfactory. This assessment is based on the bank's LTD ratio, lending in the AA, and distribution of loans to borrowers of different incomes and businesses of different sizes.

Loan-to-Deposit Ratio

FNBG's LTD ratio is reasonable given the bank's size, the AA needs, and comparison to other similarly situated financial institutions. As of September 30, 2011, FNBG's LTD ratio is 34%. Over the past 12 quarters since the last CRA examination, the bank's quarterly LTD ratio averaged 34% and ranged from 33% to 37%. The quarterly average of four other similarly situated banks over the same time period ranged from a low of 39% to a high of 66%, with an average of 50%. However, FNBG sold an average of \$152 million in mortgage loans annually to the secondary market in 2009, 2010, and 2011. Adding loans sold on the secondary market to FNBG's LTD ratio results in an adjusted LTD ratio of 77%, which compares favorably to the similarly situated banks.

Lending in Assessment Area

A substantial majority of loans by number and dollar volume are originated within the bank's AA. The aggregate percentage of residential real estate and business loans originated within the AA total 88% by number and 90% by dollar volume. The following table illustrates the lending activity during the evaluation period.

Lending in Campbell County										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate	1441	88%	196	12%	1637	\$318,761	90%	\$34,780	10%	\$353,541
Business Loans	22	100%	0	0%	22	\$11,179	100%	\$0	0.00%	\$11,179
Totals	1463	88%	196	12%	1659	\$329,940	90%	\$34,780	10%	\$364,720

Source: Loan Sample

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

FNBG's lending to borrowers of different income and businesses of different sizes reflects reasonable penetration in the bank's AA.

Borrower Distribution of Residential Real Estate Loans

The distribution of the bank's loans to borrowers of different incomes is reasonable. Lending to moderate-income borrowers exceeds the demographic information. While lending to low-income borrowers is below the demographic information, it is considered to be comparable given the higher degree of difficulty these borrower have in qualifying for home mortgage loans. In this AA, nearly 8% of all households live below the poverty level. The table below displays the borrower distribution of residential real estate loans as compared to the demographic data.

Borrower Distribution of Residential Real Estate Loans in Campbell County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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
Real Estate Loans	12.08%	3.18%	15.40%	17.04%	23.21%	33.07%	49.31%	46.70%

Source: FNBG's CRA Data and 2000 U.S. Census Data

Borrower Distribution of Business Loans

The bank's lending to businesses of different sizes meets the standard for satisfactory performance in the AA. Lending to businesses with revenues of \$1 million or less is comparable by number to the demographics of the AA. The following table shows the bank's borrower distribution for business loans.

Borrower Distribution to Businesses in Campbell County

Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	67.56%	3.04%	29.40%	100.00%
% of Bank Loans in AA by #	59.09%	36.36%	4.55%	100.00%
% of Bank Loans in AA by \$	17.68%	82.06%	0.26%	100.00%

Source: Loan Sample and 2011 Business Geodemographic Data

Responses to Complaints

FNBG did not receive any CRA-related complaints during the evaluation period.

COMMUNITY DEVELOPMENT TEST

FNBG's responsiveness through CD lending, investments, and services is satisfactory. FNBG's performance under the CD test demonstrates adequate responsiveness to the CD needs of its AA considering context, needs, and opportunities within the AA. FNBG's CD loans, investments/donations, and services addressed identified needs.

Number and Amount of Community Development Loans

The number and amount of the bank's CD lending exhibits an adequate responsiveness to the needs of LMI individuals in the bank's AA. The bank originated two CD loans in this AA since the last CRA examination totaling \$816,911. CD loans consist of a \$545,000 SBA 504 Loan to purchase a motel and \$271,911 in individual loans to LMI individuals for the purchase of mobile homes as their primary residence.

Number and Amount of Qualified Investments

FNBG's CD investments program demonstrates an adequate responsiveness to the needs within the AA. CD investments and services are very limited considering the opportunities in the AA and the bank's capacity. However, while the bank's number and amount of CD investments and services are limited, they are targeted to organizations that provide highly responsive support to the financial needs and community service needs of LMI individuals. Management made qualified investments totaling \$25,420. This consists of \$22,500 to non-profit community services provider, \$2,420 donations-in-kind paying for advertising for a non-profit community service provider, and \$500 to an organization that provides financial education targeted to LMI individuals.

Extent to Which the Bank Provides Community Development Services

The bank's CD services program demonstrates an adequate responsiveness to the needs within its AA. We evaluated both the bank's retail banking services and CD services.

The distribution of the bank's branches and service delivery systems is satisfactory and accessible to individuals of different income levels within the AA. Management

operates two full service branches offering various loan and deposit products and five automated teller machines (ATMs).

The extent and responsiveness of the bank's CD services are somewhat limited. The bank was involved in four activities that qualified as CD services. CD services include:

- Volunteer Income Tax Assistance (VITA) – provided office facilities to the local VITA agency. VITA targets its services entirely to LMI individuals.
- Student Support Services (SSS) – provided financial literacy training for high school and college students. SSS requires participating students to be either first generation college students or low-income individuals.
- Youth Emergency Services, Inc. (YES House) – provide time to employees during regular work hours to supervise or serve as mentors for at-risk LMI youth at the YES House.
- American Bankers Association's (ABA) Get Smart About Credit Program – employees teach the ABA Program to high school- and college-aged students enrolled in an alternative high school in Gillette (at-risk youth), and to young mothers involved in the Even Start Program (LMI).

Responsiveness to Community Development Needs

FNBG's CD activities demonstrate adequate responsiveness to the needs and opportunities in the AA. FNBG is one of the primary lenders and depository banks in the area, offering products and services that meet the needs of all individuals and geographies, regardless of income levels. Additionally, FNBG officers and employees are actively involved in community organizations.

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.