



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

November 2, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Gillette
Charter Number 15158**

**319 South Gillette Avenue
Gillette, Wyoming 82717**

**Office of the Comptroller of the Currency
Salt Lake City Field Office
2855 Cottonwood Parkway, Suite 370
Salt Lake City, Utah 84121**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **First National Bank of Gillette**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of November 2, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory**”.

We assign this rating based on the following factors:

- A substantial majority of loans are made in the bank’s assessment area.
- The bank’s loan-to-deposit ratio is reasonable.
- Loan distribution reflects reasonable penetration among individuals of different income levels and businesses of different sizes.

The following table indicates the performance level of First National Bank of Gillette, with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>First National Bank of Gillette</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans	Not Meaningful		
Response to Complaints	No Complaints Received Since the Prior Examination		

DESCRIPTION OF INSTITUTION

First National Bank of Gillette (FNBG) is a full service community bank located in rural northeast Wyoming. On September 30, 1998, the bank had total assets of \$141 million. The bank is 91% owned by First National Bank of Gillette Holding Company.

FNBG provides a variety of credit and deposit services to support small businesses, consumers, and ranchers in the area. On June 30, 1998, commercial loans comprised 42% of outstanding loans, residential real estate loans 32%, consumer loans 19%, and agricultural loans 7%.

The bank received an "Outstanding" rating in the previous CRA Performance Evaluation dated December 15, 1995.

There are no financial or legal impediments which limit the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

FNBG's assessment area covers Campbell County and consists of nine contiguous block numbering areas (BNAs). The assessment area includes the cities of Gillette and Wright. Approximately 32,210 people live in the assessment area, with the majority living in Gillette. The assessment area's population increased 10% from 1990 to 1998. We concluded that the bank's assessment area does not arbitrarily exclude any low- or moderate income areas.

The 1998 Wyoming statewide non-metropolitan median family income (MFI) is \$41,900. The following table summarizes the income levels of individual BNA's and families located within the bank's assessment area:

1990 U.S. Census Income	# of BNAs	% of Families
Low Income (<50% MFI)	0	13%
Moderate Income (50-79% MFI)	0	11%
Middle Income (80-119% MFI)	2	20%
Upper Income (120+% MFI)	7	56%

DESCRIPTION OF ASSESSMENT AREA (continued)

The largest employment sectors are mining, services, retail trade and government. The principal economic activities in the county are coal mining, oil and gas production, mining service activities and agriculture.

We contacted one community development official, one real estate broker, and one housing organization in the assessment area to discuss economic conditions and credit needs. These individuals stated that the local economy is stable, and financial institutions are effectively meeting the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

FNBG exhibits a reasonable loan-to-deposit (LTD) ratio. The average LTD ratio for state and national banks located in Wyoming for the eight quarters ending June 30, 1998 was 62%. The bank's average LTD ratio for the same time period was 49%. However, the bank sold \$35 million of loans on the secondary market year in the first ten months of 1998. This lending activity reflects an adjusted LTD ratio of 74% which compares favorably to the state ratio.

FNBG is the only independently chartered bank in Campbell County. Therefore, the statewide LTD ratio was chosen as the best standard for comparison.

Lending in Assessment Area

The bank makes a substantial majority of loans within the assessment area. We sampled 75 commercial, residential real estate, and consumer loans. 91% of these loans were made within the assessment area. This analysis confirms the bank's exceptional performance in this category.

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

FNBG's lending patterns reflect a satisfactory distribution among businesses and individuals of different income levels. The bank originated 56% of business loans to entities with gross revenues less than \$250,000. In addition, the bank made 20% of

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

consumer loans to low-income families. This record compares favorably to the group's 13% representation in the assessment area.

The bank's record of residential real estate lending compares unfavorably to demographic statistics. The bank made only 4% of their residential real estate loans to low- and moderate-income families. This group comprises 24% of families living in the assessment area. This variance is somewhat mitigated by the large supply of affordable housing for this segment of the population. FNBG management indicated many low- and moderate-income families rent versus purchase a home. A two bedroom unit rents for \$350 a month. In comparison, the average price of an existing 3 bedroom home was \$89,500 in 1997, which equates to a monthly payment of \$595. To promote affordable housing, FNBG participates in the Wyoming Community Development Authority (WCDA) program. The program offers closing cost assistance, requires no down payment, and reduced interest rates. The bank originated 102 (\$4.6 million) WCDA loans in the first ten months of 1998. The bank also helps support this group by lending on mobile homes. The bank had 94 consumer loans secured by mobile homes as of November 2, 1998.

We analyzed the distribution of 25 business loans made from January 1, 1996 to October 31, 1998. We obtained the gross revenue information from individual loan files. The following chart reflects the distribution of business loan originations to businesses of various sizes.

Business Loan Sample Analysis

Gross Business Revenues	# of Loans	% of Loans
Less than \$100,000	10	40 percent
\$100,000 to \$250,000	16	16 percent
\$250,000 to \$500,000	36	36 percent
\$500,000 to \$1,000,000	0	0 percent
Greater than \$1,000,000	2	8 percent

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

We also reviewed the distribution of consumer and residential real estate loans made from January 1, 1996 to October 31, 1998. We reviewed 25 residential real estate loans and 25 consumer loans and gathered income information from the loan files. The following chart compares the bank's distribution of consumer and residential real estate loan originations (number of loans) to families of different income levels.

Consumer and Residential Real Estate Loan Sample Analysis

Family Income	% of Consumer Loans	% of Residential RE Loans	% of Families in Assessment Area
Low (<\$20,950)	20 percent	0 percent	13 percent
Moderate (\$20,951-\$33,519)	24 percent	4 percent	11 percent
Middle (\$33,520-\$50,279)	32 percent	36 percent	20 percent
Upper (>\$50,280)	24 percent	60 percent	56 percent

Geographic Distribution of Loans

FNBG's assessment area contains insufficient diversity to make a geographic distribution analysis meaningful. The assessment area consists of nine BNA's, seven of which are upper-income and two of which are middle-income.

Record of Complaints and Compliance with Anti-discrimination Laws

There were no complaints about the bank's CRA performance from the public since the last CRA examination. We found no violations of the substantive provisions of anti-discrimination laws and regulations.