



PUBLIC DISCLOSURE

December 5, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**FIRSTIER BANK WYOMING
RSSD# 29159**

**P.O. BOX 560
UPTON, WYOMING 82730**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
Kansas City, Missouri 64198**

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.

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GENERAL INFORMATION

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

FirsTier Bank Wyoming has a satisfactory record of helping to meet the credit needs of its assessment areas, including low- and moderate-income borrowers and neighborhoods, in a manner consistent with its resources and capabilities. The Community Reinvestment Act (CRA) record was evaluated using the five streamlined lending criteria listed below that were developed by regulatory agencies for evaluating small bank CRA performance:

- Loan-to-deposit ratio
- Proportion of loans made inside the assessment areas
- Loans to borrowers of different income levels and businesses of different revenue sizes within the assessment areas
- Geographic distribution of loans within the assessment areas
- Record of responding to written complaints about its CRA performance

Because the bank has not received any written complaints about its CRA performance, the record of responding to complaints could not be factored into this review. Conclusions about the other four performance criteria were based on data compiled from statistically-derived samples of commercial loans and consumer automobile loans. Selection of these major product lines was determined through discussions with bank management, a review of the Report of Condition and Income (Call Report), and the number and dollar volume of loans originated by the bank since the last CRA review in October 2001. Through 2004 and most of 2005, the assessment area consisted only of Weston County. In September 2005, the bank added a second assessment area, Laramie County, when it opened a branch in the city of Cheyenne.

For the size and financial capacity of the bank and competitive conditions within its assessment areas, the bank is making a reasonable effort to extend credit, as indicated by its loan-to-deposit ratio. A majority of the bank's lending activity occurred within its assessment areas, and loans showed an excellent distribution to businesses of varying revenue sizes and to borrowers of different income levels. The geographic distribution of loans reflected a reasonable dispersion throughout the assessment areas.

DESCRIPTION OF INSTITUTION

FirsTier Bank Wyoming (formerly Upton State Bank) is headquartered in Upton, Wyoming, an agricultural and mining community in the northeastern part of the state approximately 110 miles west of Rapid City, South Dakota. In June 2005, the bank, through its parent company, underwent a change in ownership and became affiliated with FirsTier Banks in Kimball, Nebraska, and Louisville, Colorado. In September 2005, the bank opened a full-

service branch in Cheyenne, Wyoming, a metropolitan statistical area in far southeastern Wyoming near the Colorado border. The branch functioned as a loan production office of the FirsTier Bank Kimball prior to being purchased by the bank. Management plans to relocate the banking charter and headquarters designation to the Cheyenne office and convert the Upton location to a branch office.

The bank offers a broad range of credit products, including commercial, real estate, agricultural, and consumer loans. Primary emphasis is on commercial lending both in Upton and Cheyenne. The Upton location offers a drive-through teller facility and an automated teller machine, neither of which is available at the Cheyenne branch.

The analysis of CRA performance considered the competitive, demographic, and local economic conditions in which the bank operates. The analysis identified no legal or financial factors that hindered the bank's ability to meet the credit needs of its assessment areas. Based on Call Report information as of September 30, 2005, the bank had total assets of \$26,763,000 and total deposits of \$20,661,000. Loans totaled \$15,582,000. Composition of the loan portfolio by product type is shown in Table 1 below.

TABLE 1 FIRSTIER BANK				
Loan Type			Amount \$('000s)	PERCENT
Commercial			9,158	59
Real Estate			4,469	29
	Amount (\$000s)	Percent		
Secured by non-farm, non-residential properties	2,584	58		
Construction and land development	1,133	25		
Secured by 1 - to 4-family residential properties	546	12		
Farm land	206	5		
Agricultural			1,005	6
Consumer			881	6
Other			69	Negligible
TOTAL LOANS			15,582	100

The bank's performance under the CRA was last evaluated on October 22, 2001 by the Federal Reserve Bank, at which time a satisfactory rating was assigned.

DESCRIPTION OF THE BANK'S ASSESSMENT AREAS

Prior to 2005, the bank's assessment area consisted only of Weston County in northeastern Wyoming. With the opening of a branch location in the city of Cheyenne in September 2005, the bank added a second assessment area, Laramie County, in the far southeastern corner of the state. Weston County is a nonmetropolitan area comprised of two middle-income census tracts and includes the towns of Upton, Newcastle (county seat), and Osage. Laramie County,

comprised of the Cheyenne Metropolitan Statistical Area (Cheyenne MSA), contains 6 moderate-income, 9 middle-income, and 3 upper-income census tracts. Table 2 summarizes the characteristics of the assessment areas based on 2000 Census data and 2004 Dun and Bradstreet data.

Representatives of a chamber of commerce and an economic development corporation were interviewed to gain perspectives on local economic conditions and possible credit needs within the assessment areas. Their comments and perspectives were considered in developing the assessment area descriptions that follow Table 2.

**TABLE 2
CHARACTERISTICS OF FIRSTIER BANK'S ASSESSMENT AREAS**

	WESTON COUNTY AA	LARAMIE COUNTY AA
Population		
Population Totals	6,644	81,607
Census Tract Summary		
Number of Low-Income Tracts	0	0
Number of Moderate-Income Tracts	0	6
Number of Middle-Income Tracts	2	9
Number of Upper-Income Tracts	0	3
Tracts With Unknown Income	0	0
Total Number of Census Tracts	2	18
Percent of Families by Tract Income		
Low-Income Tracts	0	0
Moderate-Income Tracts	0	26
Middle-Income Tracts	100	50
Upper-Income Tracts	0	24
Total Number of Families	1,902	21,825
Income Summary		
Percent Low-Income Families	20	17
Percent Moderate-Income Families	24	20
Percent Middle-Income Families	22	25
Percent Upper-Income Families	34	38
Percent Families Below Poverty Level	6	7
Median Family Income	40,403	46,452
Housing Information		
Percentage Owner-Occupied Units	63	64
Percentage Rental Units	18	29
Percentage Vacant Units	19	7
Total Housing Units	3,231	34,213
Business Information		
Percent of Businesses with \$1 Million or less in Revenue	89	87
Percent of Businesses with over \$1 Million in Revenue	5	8
Percent of Businesses with Revenue not Reported	6	5

Weston County Assessment Area

Weston County in northeastern Wyoming is the bank's dominant assessment area in terms of loan and deposit volume. Of three financial institutions that operate in Weston County, FirsTier Bank ranks third in deposit size based on data reported by the Federal Deposit Insurance Corporation (FDIC). Weston County, comprised of two middle-income census tracts, is one of the least populated areas of the state with a population density of 2.8 persons per square mile. The median family income was 87 percent of the statewide average, and the median value of housing was 57 percent of the statewide average. Primary economic activities included ranching, dry land agriculture, oil and gas production, services, retail trade, and forestry.

As of the 2000 census, the population totaled 6,644. About half the residents lived in the county seat town of Newcastle, while another 13 percent lived in the town of Upton. Forty-four percent of family households were considered low- or moderate-income, including six percent that lived below the poverty threshold. As reported by Dun and Bradstreet, about 89 percent of businesses operating in Weston County reported gross annual revenues of \$1 million or less during 2004.

Although more affordable relative to other parts of the state, Weston County grew only about 2 percent between 1990 and 2000, and 0.2 percent between 2000 and 2003. In contrast, neighboring Campbell County, with 33,698 residents, is estimated to have grown 7.5 percent between 2000 and 2003. Weston County's low growth was attributable to a shortage of housing and amenities, including retail shopping. It did benefit, however, from recent increases in energy prices because a number of its residents work in coal mining or oil and gas production jobs in the town of Gillette in Campbell County. Responding to an increase in demand for housing, in 2004 Weston County issued 8 new residential building permits, the most it has issued in any year going back to 1987. While retailers are still reluctant to open more retail establishments, the town of Upton recently purchased land to construct an industrial park in an effort to attract new businesses to the area.

The Laramie Assessment Area

Laramie County, comprised of the Cheyenne MSA in southeast Wyoming, was the most populous county in the state with 81,607 residents as of the 2000 Census. Because it included the capital city of Cheyenne, the county was highly dependent on national, state, and local governments, which employed thirty percent of the area's labor force. The largest employer was F.E. Warren Air Force Base, with approximately 4,500 employees. Another 6,000 non-military employees worked in federal and state government offices. Retail establishments were the second largest employers, employing 14 percent of the labor force and providing retail trades and services for the sparsely populated areas surrounding the city.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Performance under this criterion is satisfactory. The bank has made a reasonable effort to extend credit relative to its size, financial condition, and assessment area credit needs. During the last 16 quarters, the bank’s net loan-to-deposit ratio averaged 41 percent. Other comparably sized peer banks in Weston County averaged 50 percent over the same period. Only Weston County banks were selected for comparative purposes. The bank did not add Laramie County to its assessment area until September 2005, when it acquired the assets (including loans) of an affiliate bank’s former loan production office in Cheyenne. After converting the loan production office to a full-service branch, the bank’s loan-to-deposit ratio increased to 74 percent during the quarter ended September 30, 2005.

Lending in the Bank’s Assessment Areas (see Table 3)

Performance under this criterion is satisfactory. Over the sample period, a majority of the loans originated by the bank were made inside the assessment areas. Based on a statistical sample of 60 loans (including 6 small business loans originated at the Cheyenne branch since opening), 60 percent of the loans and 78 percent of the dollars originated inside the assessment areas.

The proportion of small business loans based on number of loans was somewhat low at 40 percent; however, 14 of the 18 loans outside the assessment area were originated in counties adjacent to Weston County, and many were within a 30-mile radius of the bank in Upton. This reflected in large part the bank’s participation in loans with banks outside of Weston County, where credit demand was low compared with neighboring counties. Moreover, a majority of the dollars of small business loans were extended to businesses within the assessment areas.

TABLE 3 DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
	Inside the Assessment Area				Outside the Assessment Area			
	Number of Loans	%	Dollar Amount of Loans (000s)	%	Number of Loans	%	Dollar Amount of Loans (000s)	%
SMALL BUSINESS	12	40	5,128	79	18	60	1,391	21
CONSUMER AUTO	24	80	171	71	6	20	69	29
Total	36	60	5,299	78	24	40	1,460	22

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

Performance under this criterion is satisfactory. In Weston County, the distribution of loans among low- and moderate-income consumers and small-revenue businesses was particularly strong. Since opening in Laramie County in September 2005, the Cheyenne branch originated a reasonable proportion of loans to small-revenue businesses in keeping with the branch's emphasis on wholesale lending. Performance in each assessment area is summarized below.

Weston County Assessment Area

Small Business Loans (see Table 4)

All of the small business loans sampled within the assessment area were to small-revenue businesses (gross annual revenues of \$1 million or less). In most cases, the businesses had gross annual revenues of less than \$100,000. In comparison, Dun and Bradstreet reported that 89 percent of businesses in Weston County in 2004 were considered small businesses based on revenue size (\$1 million or less).

Consumer Automobile Loans (see Table 4)

Motor vehicle loans to borrowers of different income levels reflected an excellent distribution, particularly among lower income borrowers relative to their demographic proportion in Weston County. Ninety-two percent of the loans were made to low- and moderate-income borrowers. In comparison, 44 percent of families in Weston County were considered low- or moderate-income based on 2000 Census data.

The Laramie Assessment Area

Small Business Loans (see Table 4)

The distribution of loans to small businesses was reasonable for the demographics of Laramie County, where 87 percent of businesses were considered small businesses in 2004. Since the Cheyenne branch opened in September 2005, the branch originated six commercial loans. Four of the loans (67 percent) were to businesses that had gross annual revenues of \$1 million or less, a reasonable proportion given the short amount of time since the Cheyenne office opened as a full-service branch.

Consumer Automobile Loans

Not applicable. The Cheyenne branch has not originated any consumer vehicle loans since opening.

**TABLE 4
BORROWER DISTRIBUTION OF LOANS**

TABLE 4 BORROWER DISTRIBUTION OF LOANS								
NonMetropolitan Assessment Area	% Bank Loans by Number				% of Small Businesses			
Small Businesses with Gross Revenues Less than One Million	100				89			
	% Bank Loans by Number				% of Families			
	Low	Moderate	Middle	Upper	Low	Moderate	Middle	Upper
Income Level of Borrower – Consumer Auto Loans	54	38	8	0	20	24	22	34
Laramie Assessment Area	% Bank Loans by Number				% of Small Businesses			
Small Businesses with Gross Revenues Less than One Million	67				87			

Geographic Distribution of Loans

Performance under this criterion is satisfactory. Performance was only evaluated for Laramie County, which showed a reasonable distribution of small business loans among moderate-income, middle-income, and upper-income tracts. The distribution of loans by tract income in Weston County was not meaningful because the county was comprised of only middle-income tracts.

Weston County Assessment Area

Loan distribution by income level of census tract is not meaningful if tract income levels are all the same, as in the case of Weston County that was comprised of only middle-income tracts.

Laramie County Assessment Area

Small Business Loans

The geographic distribution of small business loans indicated a reasonable penetration among the various income tracts that comprise Laramie County, particularly moderate-income tracts. As shown in Table 5, 50 percent of the sampled loans were originated in moderate-income tracts. Dun and Bradstreet data for 2004 showed that 44 percent of businesses in Laramie County were located in moderate-income tracts.

Consumer Automobile Loans

Not applicable. The Cheyenne branch continues to emphasize commercial lending and has not originated any consumer vehicle loans since opening.

TABLE 5 GEOGRAPHIC DISTRIBUTION OF LOANS IN THE LARAMIE ASSESSMENT AREA								
Loan Type	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
	#	\$	#	\$	#	\$	#	\$
Small Business (6 Total)	0	0	3	4,761	3	133	0	0
Percent of Total	0	0	50	97	50	3	0	0
PERCENTAGE OF Businesses by Income Level of Census Tract	0		44		38		18	

Record of Responding to Complaints

The bank has not received any complaints about its performance in meeting assessment area credit needs. Therefore, the bank’s performance in responding to complaints could not be assessed.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. A review of policies, credit applications, and loans revealed no prohibited practices designed to discourage loan applicants. Furthermore, the bank has not engaged in other illegal practices or practices that were inconsistent with helping to meet community credit needs.

GLOSSARY OF COMMON CRA TERMS

(For additional information, please see the Definitions section of Regulation BB at 12 CFR 228.12.)

Assessment Area – The geographic area(s) delineated by the bank and used in evaluating the bank’s record of helping to meet the credit needs of its community. The assessment area must include the geographies where the main office, branches, and deposit-taking automated tellers machines are located. The assessment area must consist only of whole geographies, may not reflect illegal discrimination, and may not arbitrarily exclude low- or moderate-income geographies.

Census Tracts – Census tracts are small, relatively permanent geographic entities within counties delineated by a committee of local data users. Generally, census tracts have between 2,500 and 8,000 residents and boundaries that follow visible features.

Community Development – Includes affordable housing (including multifamily rental housing) for low- and moderate-income individuals, community services targeted to low- and moderate-income individuals, activities that promote economic development by financing businesses or farms that have gross annual revenues of \$1 million or less, or activities that revitalize or stabilize low- or moderate-income geographies.

Community Development Loan – A loan that has community development as its primary purpose and (except in the case of a wholesale or limited-purpose bank).

1. Has not been reported or collected by the bank or an affiliate as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan and
2. Benefits the bank’s assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area(s).

Community Development Service – A service that has as its primary purpose community development, is related to the provision of financial services, has not been considered in the evaluation of the bank’s retail banking services, benefits the banks assessment area(s) or a broader statewide or regional area that includes the bank’s assessment area and has not been claimed by other affiliated institutions.

Consumer Loans – Loans to individuals for household, family and other personal expenditures. These loans do not include real estate-secured loans.

Dun & Bradstreet Data – Data collected by Dun & Bradstreet regarding types of businesses and their respective gross annual revenues. The data can be sorted by geographies.

Geography – A census tract or a block numbering area.

Income Level – Both geographies and individuals can be described in terms of their income levels. In MSAs, the level is based on the MSA median income. In nonMSA areas, the level is based on the statewide, nonMSA median income.

Low-Income – Less than 50 percent of the area median income

Moderate-Income – At least 50 percent and less than 80 percent of the area median income

Middle-Income – At least 80 percent and less than 120 percent of the area median income

Upper-Income – At least 120 percent or more of the area median income

Metropolitan Statistical Area (MSA) – The general concept of an MSA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Generally, a single city with at least 50,000 inhabitants or an urbanized area with a total population of at least 100,000 would meet the definition of an MSA.

Qualified Investment – A lawful investment, deposit, membership share or grant that has as its primary purpose community development.

Small Business – A business with gross annual revenues of \$1 million or less.

Small Business Loan – A loan with an original amount of \$1 million or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by nonfarm nonresidential properties” or “Commercial and industrial loans.”

Small Farm – A farm with gross annual revenues of \$1 million or less.

Small Farm Loan – A loan with an original amount of \$500,000 or less that has been reported in the Consolidated Report of Condition and Income in the category “Loans secured by farmland” or “Loans to finance agricultural production and other loans to farmers.”