



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

May 10, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Hulett National Bank
Charter Number 18154**

**133 Main Street
Hulett, WY 82720**

**Comptroller of the Currency
Billings Field Office
490 North 31st Street Suite 220
Billings, MT 59101-1256**

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 Outstanding.

Hulett National Bank's (HNB) lending performance reflects an outstanding response to community credit needs. This conclusion is based on the following results.

- The bank's average loan-to-deposit (LTD) ratio reflects a strong responsiveness to community credit needs and exceeds similarly situated banks.
- HNB's residential real estate lending performance to low- and moderate-income families is excellent.
- Lending activities represent an excellent penetration of loans to businesses and farms of different sizes.
- The bank originated a substantial majority of loans inside its assessment areas (AA's).

DESCRIPTION OF INSTITUTION

Hulett National Bank (HNB) is a full service community bank operating in northeast Wyoming. The bank is headquartered in the Crook County town of Hulett. As of December 31, 2003, total assets equaled \$18 million and net loans to total assets were 62 percent. A group of local investors owns the bank. A bank-owned ATM is located at the Corner Market in Hulett. The bank has two branch offices in Ten Sleep and Baggs, Wyoming. The Ten Sleep branch opened August 28, 2001, and is located in Washakie County. The Baggs office known as the Little Snake River Bank opened May 30, 2003, and is in Carbon County. HNB's business focus is to provide a variety of credit and deposit services to support the needs of agricultural producers, small businesses, and consumers located within the assessment areas (AA's).

The prior Community Reinvestment Act Performance Evaluation dated November 16, 1998, resulted in a "Satisfactory" rating.

The bank does not have any financial or legal impediments that prevent it from meeting the credit needs of the assessment areas.

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

DESCRIPTION OF CROOK, CARBON AND WASHAKIE COUNTIES

Hulett National Bank has three, non-contiguous assessment areas. Each AA consists of a whole county that is not part of a Metropolitan Statistical Area. The AA's are Crook, Carbon, and Washakie Counties. The AA's are comprised of 10 census tracts, all middle-income. The assessment areas do not arbitrarily exclude any low- or moderate-income areas.

Crook County – Hulett Office

Crook County is located in the far northeastern corner of Wyoming. The county shares its northern and eastern borders with Montana and South Dakota respectively. Major towns in the county are Hulett, Sundance and Moorcroft. According to 2000 Census data, 62 percent of the 2,935 housing units in the AA were owner occupied, and 21 percent were vacant. Census data

also lists the population of the AA at 5,887. Based on information obtained from a local businessperson the typical selling price of a home in the AA is approximately \$50,000.

For 2003, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$50,700.

**Crook County Income Distribution
2000 Census Data**

Income Level	Percent of MFI	Income Range	Families	
			Number	Percent
Low-Income	Less than 50%	<\$25,350	414	25%
Moderate-Income	51% - 80%	\$25,351 - <\$40,560	281	17%
Middle-Income	81% - 120%	\$40,561 - < \$60,840	355	22%
Upper-Income	121% and over	>\$60,841	599	36%
Totals			1,649	100%

The local economy is largely dependent on agriculture, tourism and recreational activities. Based on 2002 employee census data, the area's largest industries are services (26 percent), agriculture (15 percent), retail trade (11 percent) and construction (11 percent). Major employers are the two sawmills and the school district. The June 30, 2003 FDIC Market Share Report shows Sundance State Bank holds 79 percent of the deposits in the county. HNB's market share was 11 percent.

We contacted a local business owner to discuss economic conditions and credit needs. The business owner commented that housing is the biggest need in the community. The business owner indicated the financial institution is supportive of the community.

Washakie County – Ten Sleep Office

Washakie County is located in north central Wyoming. Major towns in the county are Worland and Ten Sleep. According to 2000 Census data, 65 percent of the 3,654 housing units in the AA were owner occupied, and 10 percent were vacant. Census data also lists the population of the AA at 8,289. Based on information obtained from a local realtor the average selling price of a home in the AA is approximately \$91,000.

For 2003, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$50,700.

Washakie County Income Distribution

2000 Census Data

Income Level	Percent of MFI	Income Range	Families	
			Number	Percent
Low-Income	Less than 50%	<\$25,350	466	20%
Moderate-Income	51% - 80%	\$25,351 - <\$40,560	445	19%
Middle-Income	81% - 120%	\$40,561 - < \$60,840	608	26%
Upper-Income	121% and over	>\$60,841	793	34%
Totals			2,312	100%

The local economy is largely dependent on agriculture and tourism. Based on 2002 employee census data, the area's largest industries are services (30 percent), retail trade (12 percent) and agriculture (10 percent). Major employers are the school districts, PepsiCo Bottling Company and the sugar factory.

The June 30, 2003 FDIC Market Share Report shows Pinnacle Bank holds 31 percent of the deposits in the county. HNB's market share was 3 percent. The branch of HNB is the only bank in Ten Sleep. Other financial institutions are located in Worland, approximately 30 miles west of Ten Sleep.

We contacted a local realtor to discuss economic conditions and credit needs. The realtor commented that having a bank in Ten Sleep is a great service to businesses and consumers. They also indicated that HNB is very supportive of the community.

Carbon County – Baggs Office

Carbon County is located in south central Wyoming. The county shares its southern border with Colorado. Major towns in the county include Rawlins, Saratoga, and Baggs. According to 2000 Census data, 52 percent of the 8,307 housing units in the AA were owner occupied, and 26 percent were vacant. Census data also lists the population of the AA at 15,639. Based on information obtained from a local realtor the typical selling price of a home in the AA is between \$150,000 and \$165,000.

For 2003, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$50,700.

Carbon County Income Distribution

2000 Census Data

Income Level	Percent of MFI	Income Range	Families	
			Number	Percent
Low-Income	Less than 50%	<\$25,350	849	20%
Moderate-Income	51% - 80%	\$25,351 - <\$40,560	896	21%
Middle-Income	81% - 120%	\$40,561 - < \$60,840	1,003	24%
Upper-Income	121% and over	>\$60,841	1,432	34%
Totals			4,180	100%

The local economy is largely dependent on agriculture, and oil and methane gas development.

Based on 2002 employee census data, the area's largest industries are services (32 percent), retail trade (16 percent), construction (5 percent) and agriculture (4 percent). Major employers are Devon Energy, Merritt Energy, HB League Construction and the school district.

The June 30, 2003 FDIC Market Share Report shows Rawlins National Bank holds 55 percent of the deposits in the county. HNB's market share was 1 percent. The Little Snake River Bank is the only financial institution in Baggs. Other financial institutions are located in Rawlins, approximately 70 miles northeast of Baggs.

We contacted a local realtor to discuss economic conditions and credit needs. The realtor commented that senior housing and rental units are the biggest needs in the community. This individual stated that having a bank in Baggs brought new vibrancy into the area. They also indicated that HNB is supportive of the community.

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

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

We evaluated the bank's lending performance by reviewing loans originated from January 1, 2002 through April 30, 2004. Our analysis focused on agricultural, commercial, and residential real estate loans. We randomly selected 184 loans to test the bank's lending performance: 95 agriculture, 61 commercial and 28 residential real estate purchase loans. We obtained demographic information from the 2000 United States Census.

The table below shows the number of loans and the dollar amount of loans HNB originated for the review period.

Loan Originations During 2002, 2003 and 2004		
Loan Type	Number	Dollar Amount (\$000)
Agricultural Loans	160	\$8,751
Commercial Loans	65	\$1,446
1-4 Family Residential RE	29	\$2,081
Consumer Loans	196	\$1,630
Other Loans	36	\$2,927
Total	486	\$16,835

Loan-to-Deposit Ratio

The bank's average loan-to-deposit (LTD) ratio reflects a strong responsiveness to community credit needs and exceeds similarly situated banks.

Similarly situated banks are those banks of similar business lines and comparable asset size operating in the state of Wyoming. We identified six other community banks that met these criteria. Based on this comparison, HNB's loan-to-deposit ratio indicates a strong responsiveness to area credit needs. We averaged each bank's loan-to-deposit ratio for the last

thirteen quarters for comparison ending December 31, 2003. HNB's loan-to-deposit ratio average was 64 percent, compared to 59 percent for the six similarly situated banks. We also compared the bank to three financial institutions within the bank's assessment areas, regardless of asset size. Hulett National Bank's loan-to-deposit ratio reflected a favorable 64 percent compared to the other financial institutions loan-to-deposit ratio of 60 percent.

Lending in Assessment Area

A substantial majority of the number and dollar amount of loans in the loan sample are inside the bank's AA's. This exceeds the standards for satisfactory performance. Refer to the table below.

Table 1 - Lending in Crook, Carbon & Washakie Counties										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture	87	92%	8	8%	100%	3,572	83%	736	17%	100%
Commercial	49	80%	12	20%	100%	1,208	87%	178	13%	100%
1-4 Family RE	28	100%			100%	1,843	100%			100%
Totals	164	89%	20	11%	100%	6,623	88%	914	12%	100%

Source: sample of loans.

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

Given the demographics of the AA's, the distribution of loans originated reflects an excellent penetration among borrowers of different incomes, and businesses and farms of different sizes.

To determine the bank's performance of lending to borrowers of different incomes, we sampled 100 percent of the 1-4 residential purchase loans originated from January 1, 2002 to April 30, 2004. The bank originated twenty-eight loans and they are distributed throughout the three offices as follows: Hulett – 16, Ten Sleep – 9 and Baggs – 3. Bank management demonstrated outstanding performance in originating home loans for low- and moderate- income borrowers. A majority of these loans did not meet the secondary market standards and are not eligible for purchase. Refer to the tables below.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Crook County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Purchase	25%	31%	17%	32%	22%	31%	36%	6%

Source: loan sample; U.S. Census data.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Washakie County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Purchase	20%	22%	19%	67%	26%	0	34%	11%

Source: loan sample; U.S. Census data.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Carbon County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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
1-4 Purchase	20%	0	21%	0	24%	0	34%	100%

Source: loan sample; U.S. Census data.

The bank exceeds both the business and farm demographic for loans to borrowers with revenues of \$1 million or less by percent of dollar amount and percent of number of loans. Refer to the tables below.

Commercial Loans -We sampled 49 commercial loans; Hulett – 35, Ten Sleep - 9, Baggs - 5.

Table 2A - Borrower Distribution of Loans to Businesses in Crook County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	67%	3%	30%*	100%
% of Bank Loans in AA by #	89%	0	11%	100%
% of Bank Loans in AA by \$	86%	0	14%	100%

Source: Loan sample; Dunn and Bradstreet data. * 30% of AA businesses did not report revenue data

Table 2A - Borrower Distribution of Loans to Businesses in Washakie County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76%	4%	20%*	100%
% of Bank Loans in AA by #	100%	0	0	100%
% of Bank Loans in AA by \$	100%	0	0	100%

Source: Loan sample; Dunn and Bradstreet data. *20% of AA businesses did not report revenue data

Table 2A - Borrower Distribution of Loans to Businesses in Carbon County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71%	3%	26%*	100%
% of Bank Loans in AA by #	100%	0	0	100%
% of Bank Loans in AA by \$	100%	0	0	100%

Source: Loan sample; Dunn and Bradstreet data. * 26% of AA businesses did not report revenue data

Agricultural Loans - We sampled 87 agricultural loans; Hulett – 48, Ten Sleep - 23, Baggs - 16.

Table 2A - Borrower Distribution of Loans to Farms in Crook County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	90%	5.49%	4%*	100%
% of Bank Loans in AA by #	96%	0	4%	100%
% of Bank Loans in AA by \$	97%	0	3%	100%

Source: Loan sample; Dunn and Bradstreet data. * 4% of AA businesses did not report revenue data

Table 2A - Borrower Distribution of Loans to Farms in Washakie County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	88%	10%	2%*	100%
% of Bank Loans in AA by #	87%	0	13%	100%
% of Bank Loans in AA by \$	95%	0	5%	100%

Source: Loan sample; Dunn and Bradstreet data. *20% of AA businesses did not report revenue data

Table 2A - Borrower Distribution of Loans to Farms in Carbon County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	92%	5%	3%*	100%
% of Bank Loans in AA by #	94%	0	6%	100%
% of Bank Loans in AA by \$	99%	0	1%	100%

Source: Loan sample; Dunn and Bradstreet data. * 3% of AA businesses did not report revenue data

Geographic Distribution of Loans

Hulett National Bank’s assessment areas contain insufficient diversity to make a geographic distribution analysis meaningful. The assessment areas consist of ten census tracts, all of which are middle-income.

Responses to Complaint

HNB did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.