



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

August 25, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Lovell, National Association
Charter Number 10844
179 East Third Street
Lovell, Wyoming 82431**

**Comptroller of the Currency
ADC – Montana, Wyoming, Idaho & Utah
490 North 31st Street, Suite 220
Billings, Montana 59101**

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.

Our evaluation of the bank's lending performance is based upon our review of loans originated in 2001 and 2002. We randomly selected 23 commercial loans, 21 agricultural loans and 21 residential real estate loans. We obtained demographic information from the 2000 United States Census.

Bank management actively participates in loan programs offered by the Small Business Association, Farm Service Agency, and the USDA Business and Industry Guaranteed Loan Program.

- Bank of Lovell, N.A. (BOL) has a reasonable distribution of loans to small businesses and small farms.

BOL has demonstrated good performance of lending to small businesses. Management participates in the Small Business Administration loan program. Based on demographic data obtained from 2002 Dun and Bradstreet reports, 72 percent of the assessment area businesses have sales less than \$1 million. BOL originated 73 percent by number and 63 percent by dollar of commercial loans to small businesses. In addition, the bank originated 55 percent of their small business loans to businesses with revenues less than \$250 thousand.

The bank has achieved a satisfactory distribution of loans among farms of different sizes. The bank's participation in various programs offered by the Farm Service Agency assists bank management in making small farm loans. Based on demographic data obtained from 2002 Dun and Bradstreet reports, 91 percent of the area farms have revenues less than \$1 million. BOL originated 52 percent of the loans by dollar volume and 80 percent by number to small farms. The bank originated 60 percent of their agricultural loans to farms with gross annual revenues of \$250 thousand and under.

Bank of Lovell was the first bank in Wyoming to participate in the Federal Home Loan Bank of Seattle's down payment grant program. In 2002, the bank originated eight loans for a total of \$619,414 with the grant program. The Federal Home Loan Bank of Seattle awarded Bank of Lovell a Community Advancement award for its leadership and support of affordable housing and economic development initiatives in Wyoming. The bank also participates in the Wyoming Community Development Association first time homebuyer program.

- The bank has an excellent record of lending to individuals of different income levels.

The distribution of residential real estate borrowers is good. Based on 21 borrowers sampled, the bank's performance in originating loans to low- and moderate-income individuals is outstanding compared to the percentage of low- to moderate-income individuals in the assessment area (AA) population.

- BOL originated a substantial majority of its loans in the assessment area.

Specifically, 97 percent of the number and 95 percent of the dollar volume of all loans originated during the review period were made within the bank's assessment area.

- The bank's average loan-to-deposit ratio reflects a satisfactory responsiveness to community credit needs and is comparable to similarly situated banks.

Similarly situated banks are those banks of similar business lines and comparable asset size operating in the same geography. We compared the bank's loan-to-deposit ratio with two other institutions. Based on this comparison, BOL's loan-to-deposit ratio indicates a reasonable responsiveness to area credit needs. We averaged each bank's loan-to-deposit ratio for the last thirteen quarters for comparison ending March 31, 2003.

BOL's loan-to-deposit ratio ranged from 49 percent to 59 percent, with an average of 55 percent. In comparison, the two other institutions had a thirteen-quarter, loan-to-deposit average of 65 percent.

- The bank's geographic distribution of loans is reasonable.

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. However, Bank of Lovell had minimal penetration in the moderate-income tract. Only four of the sixty-three loans sampled fell within this tract. Other financial institutions service the moderate-income tract, mitigating the low penetration.

- BOL did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessment area during the evaluation period.
- We found no evidence of illegal discrimination or other illegal credit practices.

DESCRIPTION OF INSTITUTION

Bank of Lovell, N. A. is a community bank operating in rural, north-central Wyoming. As of June 30, 2003, total assets equaled \$78 million and net loans to total assets were 51 percent. The Bridger Company, a two-bank holding company, wholly owns the bank. The bank owns two 24-hour ATMs located in Lovell and Greybull. BOL's business focus is to provide a variety of credit and deposit services to support the needs of small businesses, agricultural producers, and consumers located within the AA.

The prior Community Reinvestment Act Performance Evaluation was dated January 11 1999, with a "Satisfactory" rating.

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

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

DESCRIPTION OF ASSESSMENT AREA

BOL's AA consists of northern Big Horn and eastern Park Counties, Wyoming, and is not part of a metropolitan statistical area. The AA is comprised of one moderate-income and four middle-income census tracts and does not arbitrarily exclude any low- or moderate-income areas. According to 2000 Census data, 64 percent of the 9,239 housing units in the AA were owner occupied, and 11 percent were vacant. Census data also lists the population of the AA at 21,573. For 2003, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$50,700. Based on information obtained from a local economic development source, the average cost of a new home is \$100,000 and the average cost of an existing home is \$75,000.

The AA's economy is largely dependent on bentonite mining, agriculture and tourism. Based on total number of employees in 2002, the assessment area's largest industries are services (31 percent), retail trade (13 percent), agriculture (12 percent) and construction (7 percent). Major employers include North Big Horn Hospital, local school districts, and the bentonite mining companies. BOL's competition in the assessment area comes from First National Bank and Trust Company, Big Horn Federal Savings and local credit unions.

We contacted a Lovell city government official to discuss economic conditions and credit needs. The town of Lovell has a stable economic base with the major employers being the hospital and Bentonite mining plants. The official stated that the local economy is stable, but retail trade is poor. The financial institutions are supportive of the community. They have also participated in the low-income housing project.

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