



## **PUBLIC DISCLOSURE**

August 10, 1998

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**United Bank, N.A.  
Charter Number 15091**

**3 South Woodward  
Absarokee, Montana 59001**

**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 **United Bank, N.A.**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of August 10, 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:

- The bank’s loan-to-deposit ratio is reasonable and comparable to other local banks.
- The bank makes a substantial majority of its loans within its assessment area.
- Loans are reasonably distributed geographically throughout the assessment area.
- The distribution of loans reflects excellent penetration among individuals of different income levels and businesses of different sizes.

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

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

## DESCRIPTION OF INSTITUTION

United Bank, N.A. (United Bank) is a rural bank with assets of \$29 million as of June 30, 1998. The bank has two offices. The main office is located in Absarokee, Montana, with a branch in neighboring Columbus. ATM machines are located at each of the offices and are available to customers 24 hours a day.

The bank specializes in lending to local farmers, small businesses and consumers. On June 30, 1998, agricultural loans comprised 35% of outstanding loans, commercial loans were 25%, residential real estate loans were 20%, consumer loans were 10%, and construction and development loans were 10% of outstanding loans.

United Bank received a "Satisfactory" rating in the previous CRA Performance Evaluation dated April 19, 1996.

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

United Bank's assessment area consists of 8 block numbering areas (BNAs): 9652, 9654, 9655, 9656, 9662, 9663, 9664 and 9665. These BNAs are contiguous and represent all of Stillwater County, parts of Carbon County, and include the towns of Absarokee, and Columbus, Montana. The bank's 1990 assessment area population was 12,029.

Using data obtained through the Home Mortgage Disclosure Act (HMDA), the 1998 Montana statewide non-metropolitan median family income (MFI) is \$36,100. The following table summarizes the income levels of individual BNAs and families located within the bank's assessment area:

1990 U.S. Census Income	# of BNAs	% of Families
Low Income (<50% MFI)	0	20%
Moderate Income (50-79% MFI)	1	21%
Middle Income (80-119% MFI)	7	24%
Upper Income (120+% MFI)	0	35%

## **DESCRIPTION OF ASSESSMENT AREA (continued)**

The assessment area economy is good. The key industries are mining, farming and ranching. Local school districts and state and county government offices provide additional employment and promote economic stability within the community. Stillwater Mining Company is the area's major employer with 485 employees.

We contacted representatives from county government, the school district, and local realtors. These individuals stated that the most pressing credit needs within the community continue to be affordable housing and loans for new businesses. In general, they believe that the local financial institutions are meeting their communities credit needs.

Strong competition within the assessment area comes from two branches of a state bank, and several credit unions.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### ***Loan-to-Deposit Ratio***

United Bank exhibits a reasonable loan-to-deposit (LTD) ratio when compared to similarly situated institutions. The bank's average LTD ratio for the 8 quarters ending March 31, 1998 averaged 67%. The LTD ratio for state and national banks located in Montana for the same time period was 69%, and the competing institution's 8 quarter average ratio was 62%. United Bank meets additional assessment area credit needs by originating and selling residential real estate loans and portions of government guaranteed commercial loans to other institutions and investors. During 1997, the bank sold 25 residential real estate loans totaling \$1.9 million.

### ***Lending in Assessment Area***

A substantial majority of the bank's lending activity takes place within the bank's assessment area. As of June 30, 1998, 86% of United Bank's outstanding loans by number, and 83% by dollar amount, were made to borrowers residing in the assessment area.

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

United Bank has an excellent distribution of loans to small businesses and among individuals of different income levels.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)**

As of June 30, 1998 the bank's commercial lending activity represents the largest portion of the bank's portfolio at 70%. The bulk of these loans are centered in small loans to agricultural borrowers and small businesses. We randomly sampled 20 commercial loans originated between April 1996 and August 1998. All of the loans were to businesses with annual gross revenues of less than \$1,000,000. Additionally, 45% were made to businesses with annual revenues of less than \$100,000.

*Commercial Loan Sample Analysis*

<b>Gross Farm/Business Revenues</b>	<b># of Loans</b>	<b>% of Loans</b>
Less than \$100,000	9	45%
\$100,000 to \$250,000	6	30%
\$250,000 to \$500,000	2	10%
\$500,000 to \$1,000,000	3	15%
Greater than \$1,000,000	0	0%

As of June 30, 1998 consumer and residential real estate loans represented 30% of the bank's portfolio. We randomly sampled 30 consumer and residential real estate loans originated from April 1996 and August 1998. Low- and moderate-income families represent 41% of the assessment area population. Loans to low- and Moderate-income borrowers accounted for 45% of our sample.

*Consumer and Residential Real Estate Loan Sample Analysis*

<b>Family Income</b>	<b>% of Consumer and Residential RE Loans</b>	<b>% of Families in Assessment Area</b>
Low (<\$18,050)	27%	20%
Moderate (\$18,051-\$28,879)	18%	21%
Middle (\$28,880-\$43,319)	13%	24%
Upper (>\$43,320)	43%	35%

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (continued)

### *Geographic Distribution of Loans*

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. We analyzed the bank's outstanding loans as of July 10, 1998. United Bank's minimal penetration of the moderate-income BNA is partially mitigated by the fact that the moderate income BNA is located on the opposite side of the mountain range from both the main and branch offices of United Bank. Banking services for this BNA are generally accessed through institutions located along Interstate 212.

### *Loan Distribution Analysis*

<b>Geographic Distribution</b>	<b>% of households living in BNAs</b>	<b>% of loans in BNAs</b>
Moderate-income BNAs	7%	2%
Middle-income BNAs	93%	98%

### *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.