



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

January 11, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Lovell, N.A.
Charter Number 10844**

**179 East Third Street
Lovell, Wyoming 82431**

**Comptroller of the Currency
50 Fremont Street, Suite 3900
San Francisco, California 94105**

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 (CRA) 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 **Bank of Lovell, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 11, 1999. 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.**”

Bank of Lovell, N.A. meets the rating definition of satisfactory because of:

- a reasonable distribution of loans to small farms, small businesses, and people of different income levels;
- a majority of the loans are made within the assessment area;
- a satisfactory loan-to-deposit ratio of 48 percent; and
- a reasonable geographic distribution of loans within the assessment area.

The following table indicates the performance level of **Bank of Lovell, N.A.** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	Bank of Lovell, N. A.'s 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	X		
Response to Complaints	No complaints received since the last examination.		

DESCRIPTION OF INSTITUTION:

Bank of Lovell, N.A., is located in Lovell, Wyoming, a small farming and mining community in the Northwestern part of the state. On December 31, 1998, the bank had total assets of \$36 million and net loans of \$16.5 million. In addition to its office, the bank owns an automated teller machine at a local service station. Bank of Lovell, N. A. is owned by the Bridger Company, a two-bank holding company with total assets of \$47 million. The bank did not face any financial or legal impediments which would inhibit its ability to meet the credit needs of the assessment area. At the last CRA examination dated December 23, 1996, the bank received a "Satisfactory" rating.

Bank of Lovell, N.A., offers a full range of credit products including commercial/commercial real estate loans, agricultural loans, consumer loans, and residential real estate loans. Using the dollar amount of originations in 1998, the above loan types comprise 32 percent, 29 percent, 22 percent, and 16 percent of loan totals, respectively.

DESCRIPTION OF ASSESSMENT AREA:

Bank of Lovell, N.A.'s assessment area consists of four block numbering areas (BNA's). The BNA's comprise the north part of Big Horn County and the east part of Park County. Three BNA's are designated middle-income and the other is designated moderate-income. The town of Lovell is located in the moderate-income BNA. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

The U.S. Department of Housing and Urban Development lists the 1998 Wyoming statewide non-MSA median family income at \$41,900. Based on this figure, 25 percent of families living in the assessment area are identified as low-income and another 22 percent are designated moderate-income. The rest of the families are designated as middle-income, 27 percent and upper-income, 26 percent.

The current economic condition of the assessment area is satisfactory. The population base is stable with seventeen thousand people living in the assessment area. Approximately 27 percent of the households in the assessment area are below the poverty level. The percentage of owner occupied housing is 60 percent with a median housing value of \$52 thousand based on 1990 US Census information. Major industries include small farms, sugar beet processing, and mining. Bank of Lovell, N.A., faces strong competition for banking services within its assessment area. Two other locally owned banks have branches in Lovell. The other parts of the assessment area include offices of locally owned banks, branches of regional banks, credit unions, and thrift institutions.

We interviewed a Lovell city government official during this examination to obtain insight regarding local community credit needs. The official stated that Lovell has a stable economic base, with the major employers being the sugar beet factory and the school district. However, the median income of the population is approximately \$20 thousand which classifies the majority of the population as low-income. The official stated affordable housing was a primary community credit need. He further stated local financial institutions are meeting community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Ratio

Bank of Lovell, N.A. meets the standards for satisfactory performance in this area. Bank of Lovell, N.A.'s average loan-to-deposit ratio was 48.3 percent for the eight quarters ending June 30, 1998. This is slightly below the 54.9 percent average for five similarly sized banks located in Wyoming. However, the Bank of Lovell, N.A.'s, loan-to-deposit ratio increased from 46 percent over the same eight quarter time frame. On June 30, 1998, the bank's loan-to-deposit ratio had increased above the average to 55.7 percent.

Lending in the Assessment Area

The majority of loans made by the bank were located within its assessment area. Based on our analysis of all loans generated in 1998, we found 72 percent were in the assessment area. Our analysis is based on a bank generated report sorted by zip code and loan type. The report's accuracy was verified by sampling 5 percent of the 560 notes originated over the one year time frame.

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

The bank's record of lending to borrowers of different income levels and to businesses of different sizes is satisfactory. We sampled 30 consumer loans and 15 real estate loans and compared the information from those loans to the demographics of the assessment area. Only 2 loans in the sample did not have income information or were originated outside of the assessment area. The table below reflects the remaining sample results.

Loan Distribution in the Assessment Area by Family Income Level			
Income Level (% of median family income)	Percent of consumer loan originations (Sample)	Percent of real estate loan originations (Sample)	Percent of families in the assessment area (Demographics)
Low (<\$20,950)	14%	20%	25%
Moderate (\$20,951 to \$33,520)	46%	13%	22%
Middle (\$33,521 to \$50,280)	29%	33%	27%
Upper (>\$50,281)	11%	34%	26%
Total	100%	100%	100%

Bank of Lovell, N.A., has a good record of making small loans to businesses and farms. In a sample of 26 loans, 73 percent were made to small businesses and farms with revenues under \$500 thousand. Small businesses and farms are defined as having annual revenues less than \$1 million. The table below summarizes the information:

Lending to Small Businesses and Farms		
Revenues	Number in Sample	Percentage of total
<\$100M	5	19%
\$100M to \$250M	8	31%
\$250M to \$500M	6	23%
\$500M to \$1MM	2	8%
over \$1MM	5	19%
Total	26	100%

Geographic Distribution of Loans

The bank has a good geographic distribution of loans within the assessment area. The majority of the bank's loans originated in 1998 were made in the moderate-income tract BNA. In 1998, the bank originated \$6,817M in loans. The moderate-income BNA received 92% of the loans originated. Significantly smaller originations occurred in the three middle-income BNAs. This lending pattern can be explained by the distance from the bank's office, the sparse population, and strong competition for lending in those geographies.

Record of Complaints and Compliance with Antidiscrimination Laws

The bank did not receive any complaints relating to CRA performance since the last CRA evaluation. Concurrent to this examination, we conducted a review of Bank of Lovell, N.A.'s compliance with the substantive provisions of anti-discrimination laws and regulations. We did not find any violations.