



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 18, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Mountain West Bank of Helena, N.A.
Charter Number 22141**

**1225 Cedar
Helena, Montana 59601**

**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 **Mountain West Bank of Helena, N.A.**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 18, 1996. 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 **“Outstanding.”**

We assign this rating based on the following factors:

- A high loan-to-deposit ratio;
- An exceptionally high number and volume of loans in the assessment area; and
- An outstanding record of lending to borrowers of all income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	Mountain West Bank of Helena, N.A. 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	Not rated. Not a meaningful analysis for this bank's assessment area demographics.		
Response to Complaints	No complaints received since the last examination.		

DESCRIPTION OF INSTITUTION:

Mountain West Bank of Helena, N.A., (Mountain West Bank) is an independently-owned community bank that opened in 1991. In its five years of operation, the bank has grown to \$92 million in average assets and \$73 million in gross loans as of March 31, 1996. The bank has no branches and operates three automated teller machines in the community. The bank is a subsidiary of Mountain West Financial Corporation, a two-bank holding company located in Helena. Consolidated assets of the holding company and subsidiary banks totaled \$117 million as of December 31, 1995. The bank does not have any financial or legal impediments that prevent it from meeting the credit needs of the community/assessment area.

The bank’s business focus is small business lending, residential real estate lending, and general purpose consumer lending. These loans make up 38 percent, 14 percent, and 41 percent, respectively, of loan originations by number for the 12 months ending March 31, 1996.

DESCRIPTION OF MOUNTAIN WEST BANK’S ASSESSMENT AREA :

The bank’s assessment area includes the city of Helena, Montana, and surrounding communities. The area has 16 block numbering areas (BNA) that take in portions of Lewis and Clark, Jefferson, and Broadwater counties. The population of the assessment area is 56,218. The 1990 census data shows nonmetropolitan statewide median family income for Montana is \$27, 349. The median income classification for the BNAs in the assessment area is shown in the following table.

Number of BNAs	Income category	Percent of families in assessment area
1*	Low	0.03%
1	Moderate	2.08%
8	Middle	48.82%
6	Upper	49.07%
16		100%

* The low-income tract is a private college.

The economic base of the assessment area is growing moderately. The major employers are state and federal government agencies. Employment in the industries of manufacturing, construction, and wholesale trade have shown moderate growth as well. Housing costs in the

assessment area are \$58,800, or 27 percent higher than the statewide nonmetropolitan median housing cost of \$46,300.

Community contacts used for this examination include two nonprofit low-income housing organizations and the local Chamber of Commerce. The contacts all identified affordable housing as a primary need in the city of Helena. However, the contacts stated that the lack of housing is not due to lack of credit availability or programs for low-income borrowers. Lack of city property available for building and population growth have caused high real estate costs. Most home buyers have good access to home financing. However, the contacts noted that many low-income people cannot even qualify for low-income borrower home purchase programs and some cannot afford rental housing even with rent subsidies. The Helena Housing Authority is beginning to focus their efforts on developing low-income housing outside the city limits where real estate is more affordable. Low-income housing programs available throughout the community include state and federal government guaranteed loan programs offered through local banks, including Mountain West Bank and mortgage companies.

Competition from other financial institutions is strong. Local competition includes three state-chartered banks, two regional bank branches, three federal savings banks, and ten credit unions. The bank's designated assessment area complies with the Community Reinvestment Act and does not arbitrarily exclude low- and moderate-income geographies.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

Mountain West Bank has maintained a loan-to-deposit ratio well above similarly situated banks for the eight quarters ending December 31, 1995. This bank's loan-to-deposit ratio was 85 percent while the ratios of three other local independent commercial banks were 68 percent, 64 percent, and 67 percent. Because of the bank's high lending volume, management actively sells loans to area banks as well as statewide and national secondary market participants. Since sold loans are not reflected in the loan-to-deposit ratio, this ratio is not a complete picture of this bank's lending activity. No comparative data on sold loans is available on local competitors. As of June 19, 1996, Mountain West Bank was servicing \$30 million in sold loans.

Lending in the Assessment Area

Mountain West Bank originated a very high volume of loans in the assessment area. Between April 1, 1995, and March 31, 1996, the bank originated \$74 million in loans of which \$60 million (81 percent by volume, 84 percent by number) were within the assessment area. We determined the percentage of loans within the assessment area from a bank-generated report of loan originations by BNA. We verified the accuracy of the report by matching a

sample of borrowers' addresses from the loan application to the computer record used in generating the report.

The Small Business Administration (SBA) recognized this bank in May 1996 for the highest SBA lending participation among Montana financial institutions over the last five years. The SBA press release stated that Mountain West Bank originated 115 guaranteed loans totaling \$23.9 million. These loans resulted in the creation of 16 new businesses, 1,290 new jobs for the Helena area, and retention of 989 Helena area jobs. Mountain West Bank also received SBA preferred lender status. Of the 190 banks in Montana, only 13 banks have preferred lender status.

During 1995, Mountain West Bank also provided a 15-year, \$20,000, interest-free loan to the local Habitat for Humanity chapter for construction of low-income housing.

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

The bank's loan originations reflect a very good distribution of loans by borrower income, especially to low- and moderate-income borrowers, and to small businesses. The proportion of loan originations to low- and moderate-income people substantially exceeds the corresponding percentage of the assessment area population.

The table below shows the demographics of the assessment area and the bank's lending performance in each income category based on our sample of loans. Our loan sample consisted of 66 general purpose consumer and residential real estate loans (7 percent by number). We also sampled 62 business purpose loans (10 percent by number) to assess the distribution of loans to various-size businesses.

Tract Income Category	Percent of Population	Percent of Loan Sample
Low	15	24
Moderate	14	23
Middle	22	24
Upper	49	29
Total	100	100

Business Revenues (000)	Percent of Loan Sample
0-100	29
100-250	23
250-500	10
500-1,000	19
>\$1 mil.	19
Total	100

Geographic Distribution of Loans

We did not find this analysis meaningful. The bank's assessment area has one low-income BNA and one moderate-income BNA. The low-income BNA is a small local private college campus. The moderate-income BNA is a sparsely populated area that comprises less than 2 percent of the assessment area population.

Record of Complaints and Compliance with Antidiscrimination Laws

There were no complaints about the bank's CRA performance from the public and we found no violations of the substantive provisions of antidiscrimination laws and regulations.

Investments in Community Development

Mountain West Bank is the sole corporate sponsor of the local Habitat for Humanity chapter that builds low-income housing. Bank management has granted the Habitat for Humanity chapter a total of \$4,300 during 1995 and 1996, in addition to the interest-free loan mentioned previously. In 1995, bank staff organized a citywide fund-raising campaign that raised \$10,000. Bank staff devoted approximately 120 hours to the campaign.