



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 12, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Stockgrowers State Bank, N.A.
Charter Number 23593**

**700 Big Horn Avenue
Worland, WY 82401**

**Comptroller of the Currency
Denver Field Office
1099 18th Street Suite 2650
Denver, CO 80202**

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.

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INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Stockgrowers State Bank, N.A., has a Satisfactory record of meeting credit needs within its assessment area. This rating is supported by the following:

- The bank's loan-to-deposit ratio reflects a satisfactory level of response to community credit needs.
- The bank's level of lending within its assessment area is satisfactory.
- The distribution of loans to borrowers of different incomes and farms of different sizes is good.
- The geographic distribution of farm loans and consumer loans is satisfactory.

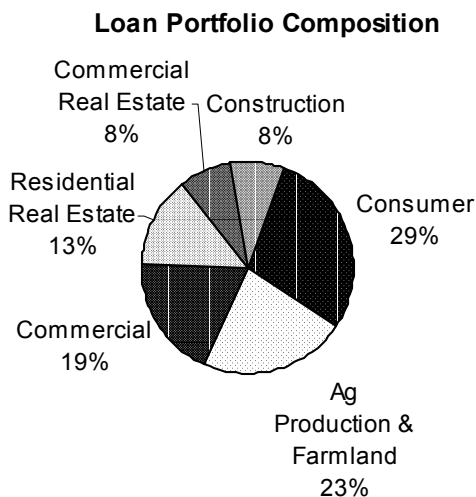
DESCRIPTION OF INSTITUTION

Stockgrowers State Bank, N.A., of Worland (SSB) is a commercial intrastate bank with total assets of \$47 million as of March 31, 2001. SSB is wholly owned by Sturm Banks of Wyoming, Inc., with total assets as of December 31, 2000, of \$296 million. Sturm Banks of Wyoming, Inc. is a holding company that is wholly owned by Sturm Financial Group, Inc., a multi-bank holding company headquartered in Denver, Colorado. Sturm Financial Group's total consolidated assets are \$1.3 billion as of December 31, 2000. There are two additional holding companies and two non-bank affiliates under the Sturm Financial Group, Inc. holding company umbrella. They include Sturm Banks of Colorado, Inc.; Sturm Banks of Kansas City, Inc.; and two non-bank affiliates offering financial and data services.

SSB does not have any operating subsidiaries. The Federal Reserve Bank of Kansas City performed the last Community Reinvestment Act examination May 5, 1997, with the bank receiving a "Satisfactory" rating.

The bank operates its main office in Worland, Wyoming. There are no branches, but an ATM is located on the bank's premises. The bank offers a wide range of products, including consumer, business, agriculture, real estate, and construction loans. SSB's primary focus is consumer, agricultural production, and business lending. Because economic growth was flat in SSB's assessment area for much of the 1990's, loan growth reflected this trend. In the past year, SSB began purchasing business purpose loans from its affiliated banks to compensate for the lack of business lending opportunities in its assessment area and to improve the loan-to-deposit ratio.

SSB's Tier 1 capital as of March 31, 2001, is \$4 million. As of March 31, 2001, the bank's net loans are \$30 million and the ratio of net loans to total assets is 64 percent.



The chart to the left reflects the breakdown of the loan portfolio by loan type as a percentage of total loan dollars. Our sample was predicated on the two products that represented the largest dollar volume of loans, consumer loans and agriculture production and farmland loans.

SSB is not under any financial or legal impediments that would impact the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF THE HOT SPRINGS, PARK, BIG HORN, AND WASHAKIE COUNTY ASSESSMENT AREA

SSB has designated its assessment area (AA) as the counties of Big Horn, Park, Hot Springs, and Washakie. The counties are contiguous and are situated in the northwestern part of the State of Wyoming. The four counties comprise the Big Horn Basin of Wyoming. The counties are largely rural and not located in a metropolitan statistical area. U.S. Census Bureau statistics for 2000 reflect that the total population for the four counties is 50,000 residents. According to the Bureau of Labor Statistics, Park County's population has increased 11 percent, Big Horn County has a 9 percent increase, and Hot Springs County has a 2 percent increase since the 1990 Census. Washakie County has a 1 percent decline in population since the 1990 Census. Fifty percent of the AA population resides in the towns of Worland, Powell, Thermopolis, Greybull, Cody, and Lovell. In addition to these towns, the AA also includes the communities of Ten Sleep, Meeteetse, Burlington, Basin, Deaver, and Lucerne, all of which have populations under 500 residents.

The AA is divided into 16 block numbering areas (BNAs). One is low income, four are moderate income, and 11 are middle income. The bank's AA does not have any upper income BNAs. Worland is in a middle income BNA. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income geographies.

Washakie County is located on the eastern side of the bank's AA and has one moderate-income and two middle-income BNAs. Worland and Ten Sleep are the major towns in the county. The local economy is stagnant and based on agriculture, industry, and tourism. Major employers include the county government, Wyoming Gas, Holly Sugar Corporation, Admiral Beverage/Pepsi Cola, and Washakie Memorial Hospital. Retail and service industry jobs also provide employment in the area. The Bureau of Labor Statistics reflects a 2000 average unemployment rate for Washakie County of 5.3 percent, which is higher than the state unemployment rate of 3.9 percent. Washakie County is one of three Wyoming counties that experienced negative employment growth for the past two years.

Hot Springs County is located west of Washakie County and has three middle-income BNAs. The local economy is stable and based on health services, energy, retail services, and tourism. The town of Thermopolis is home to the Hot Springs State Park, one of the world's largest mineral hot springs. A large portion of the county is the designated Wind River Indian Reservation. Major employers include the local school district, Memorial Hospital, and Marathon Oil Company. The 2000 average unemployment rate for Hot Springs County is 3.4 percent, slightly below the state's 3.9 percent rate.

Big Horn County is located north of Washakie County and has one middle-income and two moderate-income BNAs. The towns of Basin, Greybull, and Lovell are located in this county. The local economy is stable and based on agriculture and related production industry. Major employers include the sugar beet factory and school district. The 2000 average unemployment rate for Big Horn County of 5.6 percent is above the state's 3.9 percent rate.

Park County is located northwest of Washakie County and is the furthest county from the location of the bank. The county has seven BNAs, of which one is low income, one is moderate income, and five are middle income. Major towns in the county are Cody, Powell, and Meeteetse. The economy of Park County is stable and based on tourism and retail and service industries. Cody, Wyoming is the northeast entrance to Yellowstone National Park and Powell is home to a junior college. Major employers include West Park Hospital, the School District, Wal-Mart, and the Buffalo Bill Historical Center. The county unemployment rate for 2000 is 4.1 percent, slightly above the state's 3.9 percent average.

The U.S. Housing and Urban Development (HUD) updated 2000 median family income for the AA is \$44,900. Based on 1990 U.S. Census data, there are 12,901 families in the AA of which 22 percent are low income, 21 percent moderate income, 26 percent middle income, and 31 percent upper income. Thirteen percent of the AA households are below the poverty level. Fourteen percent of households are retirees. The average sales price of a single family home in Worland in 2000 was \$81,000.

SSB has competition from twenty FDIC-insured financial institutions in its four-county AA. This includes commercial banks and savings institutions. In addition, there is significant area competition from Farm Services Administration. A recent FDIC market share report reflects that SSB holds approximately 5 percent of the market share of FDIC-insured bank deposits in its AA.

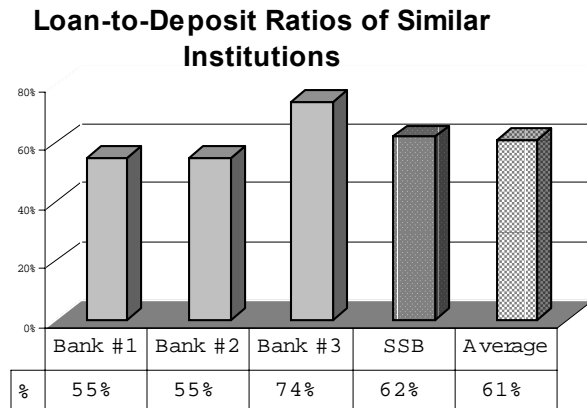
We contacted a community organization in the AA and discussed area credit needs. The individual stated that area banks are largely meeting the community credit needs. There is a need for small business start-up funding, and the organization is working in conjunction with area banks to help provide this service when possible.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

SSB satisfactorily meets the credit needs of its AA, including low- and moderate-income individuals and areas, consistent with its resources and capabilities.

Loan-to-Deposit Ratio

- The bank's loan-to-deposit ratio meets the standards for satisfactory performance.



The bank's average loan-to-deposit ratio for the last 16 quarters is 62 percent. The loan-to-deposit ratios of three other area financial institutions were compared to this bank and are depicted in the chart.

These institutions are two state banks and one national bank, and are suitable for comparison purposes due to their similar asset size and business focus. Other institutions that offer banking services in

the area, such as regional banks with larger asset size or dissimilar product mix, are not suitable for comparison purposes.

Lending in the Assessment Area

- The bank's level of lending within its AA is satisfactory.

SSB's level of lending reflects satisfactory performance given the bank's size, rural location, and AA needs. Two types of loan products, which were determined to be the bank's major product lines, were sampled. The analysis of lending in the AA included testing a random number of agriculture loans and consumer loans granted since the last examination. A significant majority of the number of agriculture loans we sampled are located within the AA. Distribution of agriculture loans by dollar amount is less by percentage and reflects that smaller loans are made in the AA. Updated demographic data shows that 95 percent of the farms in the four-county AA are designated small farm, with revenues below \$1 million. SSB extends loans to small farms within its AA, one of its primary lending objectives. Our sample did not identify any loans to large farms in the AA.

The sample of consumer loan distribution reflects that a majority of the loans are in the AA by number and by dollar amount. The following table demonstrates the distribution of farm loans and consumer loans originated inside FNB’s AA.

LENDING WITHIN THE ASSESSMENT AREA		
Loan Type	% Inside AA by #	% Inside AA by \$
Agriculture Production/ Development	97%	84%
Consumer Purpose	86%	84%

Lending to Borrowers of Different Incomes and Farms of Different Sizes

- The distribution of loans to borrowers of different incomes and farms of different sizes is good.

Farm production and farmland secured loan originations within the bank’s AA strongly demonstrate that the bank is extending loans to farms of various sizes, with the significant majority to small farmers. We noted that 100 percent of the loans by number were to farms with gross annual revenues of \$1 million or under, the technical definition for “small farm.” Of this percentage, 77 percent of the sampled loans were to small farms with revenues under \$250,000. Lending performance to small farms is good when compared to farm demographics of the area.

Distribution of consumer purpose loans by income level reflects that loan penetration exceeds area demographics for low-income and moderate-income families. Consumer loans, by number and dollar amount, represent the largest portion of total loans for the bank. SSB is effectively meeting the needs of low- and moderate-income borrowers for consumer purpose loans. The table below reflects the distribution of consumer purpose loan products to borrowers of different income levels:

DISTRIBUTION OF CONSUMER PURPOSE LOANS BY INCOME LEVEL OF FAMILIES IN THE ASSESSMENT AREA								
Borrower Income	Low		Moderate		Middle		Upper	
% AA Families	22		21		26		31	
	#	%	#	%	#	%	#	%
Total Loans	7	23	7	23	10	33	6	20

In addition, the percentage of consumer purpose loans by dollar amount of loans is reasonable. Our calculations reflect that the dollar volume of loans to low-income families is 16 percent, slightly below demographics of 22 percent. The dollar volume of loans to moderate-income families is 21 percent and in line with area demographics.

Geographic Distribution of Loans

- Geographic penetration of farm loans and consumer purpose loans in the AA is satisfactory.

We sampled two types of loans products determined to be the bank’s major business lines. The sample included 31 farm production and farmland loans, and 30 consumer purpose loans. The geographic distribution of small farm loans shows a satisfactory dispersion throughout the AA, consistent with area demographics. There are no unexplained gaps in the bank’s lending patterns. The distribution of loans is concentrated in the moderate- and middle-income BNAs. Our analysis reflects that no loans were extended in the one low-income BNA in SSB’s AA. There is only one farm in the low-income BNA. The absence of loans is understandable since the BNA is located in a national forest over 120 miles from Worland and the area has few families or housing units. The following table reflects penetration of the bank’s farm loans in the AA:

FARM PRODUCTION/FARMLAND LOANS				
Income Tract Levels	% of BNAs Within Bank’s AA	% of Farms in BNAs	% of Loans Made by Number	% of Loans Made by Dollar Volume
Low	6	<1%	0	0
Moderate	25	29	30	13
Middle	69	71	70	87
Total*	100	100	100	100

*There are no upper-income BNAs in the AA

The following table reflects penetration of consumer purpose loans in the bank’s AA.

CONSUMER PURPOSE LOANS				
Income Tract Levels	BNAs in AA by Income Tract		Percent of Families in AA by Income Tract	Distribution of Sample Loans by Percentage
	#	%		
Low	1	6	<1	0
Moderate	4	25	27	10
Middle	11	69	73	90
Total	16	100	100	100

Consumer purpose loans extended by SSB reflect that a majority are extended inside the middle-income census tracts. None of the loans in our sample were in the low-income BNA, which is sparsely populated with less than 1 percent of the families in the AA. While the bank's consumer lending in moderate-income BNAs appears low, it should be noted that 69 percent of the BNAs are middle-income and surround the bank. The middle-income BNAs include 73 percent of the families in the AA, and 72 percent of the housing units.

Additionally, one of the four moderate-income areas is located in Park County, where the communities of Cody and Powell have six competing financial institutions. Park County is located farther from the bank than the other three counties. The moderate-income BNA located in Washakie County, where SSB is located, is sparsely populated and includes a portion of the Big Horn National Forest. This BNA comprises only 2 percent of the total number of families in the AA.

Responses to Complaints

- FNB has not received any complaints about its performance in helping to meet AA needs during this evaluation period.

Fair Lending Review

We analyzed 1997-2001 agriculture purpose and consumer purpose lending data, public comments, and consumer complaint information, according to the OCC's risk-based fair lending approach. Our analysis revealed no basis for the OCC to conduct a comprehensive fair lending examination in connection with the CRA evaluation this year. The previous comprehensive fair lending examination was performed in conjunction with the Consumer Compliance examination dated May 13, 1996.