



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**August 28, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Bank of the Rockies, National Association  
Charter Number 3375**

**205 West Main Street  
White Sulphur Springs, MT 59645**

**Comptroller of the Currency  
Salt Lake City (Utah, Montana, Wyoming, Idaho)  
2795 East Cottonwood Parkway, Suite 390  
Salt Lake City, UT 84121**

**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.**

This institution is rated **“SATISFACTORY.”**

The Bank of the Rockies, N.A., satisfactorily meets the credit needs of its assessment area (AA), consistent with its resources and capabilities. This assessment is based upon the following lending conclusions:

- The bank’s average loan-to-deposit ratio since the last examination is more than reasonable.
- The bank’s lending in its AA meets the standard for satisfactory performance.
- The bank’s distribution of loans to farms of different sizes and to borrowers of different incomes meets the standards for satisfactory performance.
- There were no public complaints about the bank’s Community Reinvestment Act (CRA) performance.

## **DESCRIPTION OF INSTITUTION**

The Bank of the Rockies, National Association (BRNA) is a community bank operating in east central Montana. The bank is a wholly-owned subsidiary of Countricorp, a bank holding company. BRNA provides full service banking through its headquarters in White Sulphur Springs, MT, and its branches located in Clyde Park, Emigrant, Livingston, Lewistown, and Helena, MT. The bank offers automated teller machine (ATM) services in each town where it has a branch, including two ATMs in Livingston, MT. BRNA’s primary lending products are home loans and commercial real estate loans. However, the bank offers a full range of lending products. Additionally, the bank provides significant mortgage broker services in this region of Montana by taking applications and completing preliminary documentation for home loans funded by other lenders.

BRNA received a satisfactory rating in its last CRA examination, dated May 12, 2003. No legal or financial factors impede the bank’s ability to meet the credit needs of its community. As of June 30, 2007, the bank had total assets of \$120 million with \$88 million in net loans, which results in a net loans to total assets ratio of 73 percent.

*Please refer to the CRA Public File for further information.*

## **DESCRIPTION OF ASSESSMENT AREA**

The bank’s assessment area includes Meagher, Park, Fergus, Judith Basin, and Lewis and Clark Counties in the state of Montana. BRNA purchased a bank in Lewistown, MT, in December 2006, and opened a branch in Helena, MT, in January 2007, and adjusted its assessment area to include the counties in which these towns are located. This increased the number of assessment area census tracts to twenty-two from six, and the assessment area population from 17,626 to

87,564 per the 2000 U.S. Census. The assessment area includes 13 middle-income census tracts and nine upper-income census tracts, but no low- or moderate-income census tracts. Based on our sample data, the significant change in the bank's assessment area did not materially change the bank's performance.

In conjunction with this CRA examination, we conducted a community contact interview with a representative from a state government agency to determine what credit opportunities exist for local financial institutions and whether financial institutions were adequately addressing the community's credit needs. The representative identified opportunities for banks to provide affordable housing, including multi-unit housing, and startup financing for new businesses. Further, the representative felt that smaller independent banks are more in tune with their communities, and while sometimes lacking product sophistication, they have policy flexibility. The representative did not provide information specifically regarding FNB.

*Please refer to the bank's CRA public file for more information about the AA.*

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

### **Scope of Examination**

The evaluation period for this CRA examination focuses on loan originations from January 1, 2005, through June 30, 2007. To determine the bank's primary lending products, we reviewed both the dollar amount of loans and the number of loans originated or purchased during the evaluation period. We determined BRNA's primary loan products in terms of dollar volume and number of loans originated to be home loans and consumer building lot loans. Accordingly, we randomly selected from throughout the evaluation period 25 loans to home loan borrowers, and 20 loans for residential building lots as representative samples. Our conclusions are based on these samples.

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

The bank's average loan-to-deposit ratio since the last examination is more than reasonable.

BRNA's loan-to-deposit (LTD) ratio over the past 18 quarters is more than reasonable and exceeds the standard for satisfactory performance given the bank's size and financial condition, local economic factors, and lending opportunities within its assessment area. The bank's average LTD ratio was 93 percent and compared favorably to the ratios of similarly situated banks that compete in parts of the assessment area. Competing banks' ratios ranged from 71 percent to 96 percent and averaged 83 percent.

### **Lending in Assessment Area**

The bank's performance in lending in the assessment area is satisfactory. BRNA originated a majority of its loans in the assessment area. For home loans and consumer building lot loans sampled, the bank originated 70 percent by number and 73 percent by dollar amount within its assessment area.

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

Overall, BRNA's record of lending to borrowers with different income levels is satisfactory.

BRNA's distribution of home loan borrowers compared to the percentage of assessment area low- and moderate-income families exceeds standards for satisfactory performance. The bank's home loans to low- and moderate-income families exceeds demographic comparators for moderate-income families and is slightly less than low-income families' demographic comparators. This is especially noteworthy because providing home loans to low- and moderate-income families is difficult since home loan underwriting parameters are relatively inflexible compared to other loan products. Based on our sample, the bank originates 20 percent of its home loans to moderate-income families and 12 percent of its home loans to low-income families. Sixteen percent of assessment area families are moderate-income, and 15 percent are low-income. We obtained the demographic information from the 2000 United States Census.

BRNA's distribution of consumer building lot loan borrowers compared to the percentage of assessment area low- and moderate-income families is significantly below the standard for satisfactory performance. Based on our sample, 10 percent of loans to building lot loan borrowers in the assessment area went to middle-income borrowers and 90 percent went to upper-income borrowers. This compares poorly with assessment area demographic information showing 15 percent of assessment area families are low-income and 16 percent of assessment area families are moderate-income based on 2000 United States Census information.

## **Geographic Distribution of Loans**

An analysis of the geographic distribution of loans was not applicable as the assessment area has no low- or moderate income census tracts.

## **Responses to Complaints**

The bank has not received any complaints regarding CRA performance.

## **Qualified Investments and CD Services**

BRNA is involved in helping to provided affordable housing in its assessment area. The bank has participated in assisting individuals in applying for Home\$start program grants from the

Federal Home Loan Bank of Seattle. Additionally, the bank provides broker activities that have helped to make affordable housing available to LMI individuals through other lenders.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.