



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## **PUBLIC DISCLOSURE**

**December 12, 2007**

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

Bank of Bridger, National Association  
Charter Number 10844

101 S. Main Street  
Bridger, MT 59014-0000

Office of the Comptroller of the Currency

SALT LAKE CITY (MONT, WYO, IDA  
490 North 31st Street Suite 220  
Billings, MT 59101-1256

**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.

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

Bank of Bridger's (BOB) CRA performance is satisfactory.

- The bank has a reasonable distribution of loans to small businesses and small farms.
- The bank has an excellent record of lending to individuals of different income levels.
- The bank originated a substantial majority of its loans in the assessment areas.
- The bank's average loan-to-deposit ratio reflects a satisfactory responsiveness to community credit needs and is comparable to similarly situated banks.
- An analysis of the bank's geographical distribution is not meaningful.
- The bank did not receive any consumer complaints about its performance in helping to meet the credit needs of the assessments areas during the evaluation period.

## **SCOPE OF EXAMINATION**

The sample sizes varied based on the main lending product within the Assessment Areas (AA)s.

Bridger, Red Lodge, Joliet Assessment Area - The main loan products are residential construction loans and HELOCs. We selected all the loans for these types originated in 2006 and 2007. The bank had 16 HELOC loans and 22 Construction RE.

Butte Assessment Area - The main loan products are residential construction and HELOCs. We selected all the loans for these types originated in 2006 and 2007. The bank had 13 HELOC loans and 20 Construction RE loans.

Powell, Lovell, Greybull Assessment Area - The main loan product was for commercial/small business. We sampled a total of 29 commercial loans originated for 2006 and 2007 for the three branches.

Harlem Assessment Area - The primary loan product is agriculture. We sampled 26 agriculture loans originated from 2006 and 2007.

## **DESCRIPTION OF INSTITUTION**

The Bank of Bridger was first Chartered in August of 1915 and was then known as the First National Bank of Bridger. A few years later, in February of 1919, the bank became The American National Bank of Bridger before organizing as Bank of Bridger on June 6, 1941. The Bridger Company (bank holding company) wholly acquired the Bank of Bridger in 1985. Over the last 20 years the bank has expanded with offices in Montana and Wyoming including: Bridger, MT., Joliet, MT., Red Lodge, MT., Harlem, MT., Butte, MT., Lovell, WY., Greybull, WY., and Powell, WY.

The Bank of Bridger merged with Bank of Lovell, N.A. effective March 6, 2004. The resulting bank name is Bank of Bridger, N.A., with the main office in Bridger, Montana. Bank of Bridger has approximately \$172 million in total assets as of December 31, 2007.

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

Bank of Bridger's assessment areas comply with the regulation. The Bank of Bridger has delineated all of Carbon County, southern Stillwater County, Silver Bow and Blaine Counties in Montana; and Big Horn and north eastern Park Counties in Wyoming as its assessment area.

Bank of Bridger's AA consists of four separate AAs. The Bridger/Joliet/Red Lodge AA is part of a metropolitan statistical area. The remaining three AAs are not part of a metropolitan statistical area.

### **1) Bridger, Joliet, Red Lodge MT - Carbon and Stillwater Counties**

The AA is comprised of one moderate-income and four middle-income census tracts and does not arbitrarily exclude any low- or moderate-income areas. According to 2000 Census data, 55 percent of the 7,708 housing units in the AA were owner occupied, and 25 percent were vacant. Census data also lists the population of the AA at 13,904. For 2007, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Montana at \$46,900. Based on total number of employees in 2007, the assessment area's largest industries are services (27 percent), agriculture (13 percent), retail trade (12 percent), and non-classified establishments (21 percent).

#### **Bridger**

Bridger is south of Billings twenty-one miles from the Wyoming line. It was named for Jim Bridger, one of the first white men to explore Yellowstone Park. Bridger is the gateway to the Bighorn Canyon National Recreation Area. Devils Canyon Overlook provides a scenic view of Bighorn Canyon is where the canyon Crosscuts a 1,000-foot-high segment of the fault that makes up the Pryor Mountains. The Pryor Mountains are home to about 130 wild, free-roaming mustangs believed to be descended from a herd that may have arrived as early as the 1700s.

#### **Joliet**

Joliet was originally a shipping point for grains and vegetable products grown in this rich land. The town was named after a railroad official of the Northern Pacific Railroad who was from Joliet, Illinois. Nearby is Cooney State Park, an irrigation reservoir, is a popular recreation area serving south-central Montana offering boating, swimming, camping and fishing.

#### **Red Lodge**

Situated in south-central Montana at the northern terminus of the famed Beartooth Highway, Red Lodge thrives as an active community and county seat enjoying four seasons. Several smaller towns, including Absarokee, Roberts, Joliet, Belfry and Bridger-as well as the hamlets of Nye, Dean, Fishtail, Roscoe Silesia, Rockvale and Edgar-lie within easy reach of the county seat. Tourism, agriculture, recreation and real estate development form the dominant business base with growth being experienced in eco-friendly small industries, technology-services and general business. Many of the downtown business districts are locally owned and listed on the National Register of Historic Places.

## **2) Butte, MT - Silver Bow County AA**

The AA is comprised of one moderate-income, four middle-income census tracts and three upper-income census tracts and does not arbitrarily exclude any low- or moderate-income areas. According to 2000 Census data, 63 percent of the 16,176 housing units in the AA were owner occupied, and 11 percent were vacant. Census data also lists the population of the AA at 34,606. For 2007, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Montana at \$46,900. Based on total number of employees in 2007, the assessment area's largest industries are services (37 percent), retail trade (17 percent), and finance, insurance and real estate (7 percent).

Butte began as a collection of small mining claims, becoming a large and booming mining center during the 1900s. Butte has been described as The Richest Hill on Earth for over 100 years, due to the vast wealth of valuable ores lying beneath the surface. Today, Butte is a city in transition to a more diversified economy, including energy research, education, medicine, transportation, tourism and environmental technology.

## **3) Harlem, MT - Blaine County AA**

The AA is comprised of two moderate-income and two middle-income census tracts and does not arbitrarily exclude any low- or moderate-income areas. According to 2000 Census data, 52 percent of the 2,947 housing units in the AA were owner occupied, and 15 percent were vacant. Census data also lists the population of the AA at 7,009. For 2007, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Montana at \$46,900. Based on total number of employees in 2007, the assessment area's largest industries are agriculture (22 percent), services (22 percent), retail trade (7 percent), and construction (4 percent).

Harlem is about halfway between Havre and Malta, just north of the Fort Belknap Indian Reservation. It was founded in 1889 and grew up as a trading center for the Fort Belknap Indian Reservation. The Fort Belknap Indian Reservation is home to the Gros Ventre and Assiniboine tribes.

## **4) Powell, Lovell, Greybull, WY - Park and Big Horn counties.**

The AA is comprised of one moderate-income and three middle-income census tracts and does not arbitrarily exclude any low- or moderate-income areas. According to 2000 Census data, 62 percent of the 7,493 housing units in the AA were owner occupied, and 13 percent were vacant. Census data also lists the population of the AA at 17,153. For 2007, the US Department of Housing and Urban Development (HUD) estimates the non-metropolitan, median family income (MFI) for Wyoming at \$58,500. Based on total number of employees in 2007, the assessment area's largest industries are services (32 percent), retail trade (12 percent), agriculture (9 percent), and construction (6 percent).

## **Powell**

Located in the heart of the Big Horn Basin, Powell lies just 75 miles east of Yellowstone National Park on US 14A, and is surrounded by the Big Horn, Pryor, and Absaroka mountain ranges. Powell was named for Major John Wesley Powell, famed proponent of western land

reclamation and early explorer of the Rocky Mountain West. Although Powell never visited the community this important trading center was named in his honor.

The development of Powell began when workers came to the area to create a flood irrigation system in the valley now known as Powell Valley. Homesteading began and agriculture became the driving economic force for Powell with the availability of the irrigation water for farm lands. The Shoshone Project oversees irrigation for approximately 88,406 acres surrounding Powell.

## **Lovell**

Lovell is located in north central Wyoming. The town itself has around 2,500 residents, with several hundred more people living in the surrounding area. Lovell was founded in the late 1800s and is named for Henry Clay Lovell, who brought two large herds of cattle to the area in 1879. In 1879, two cattlemen, Henry Lovell and Anthony Mason moved cattle into the Big Horn Basin and formed the M-L Ranch on the banks of the Bighorn River. By 1890, a small settlement had been established on the present site of Lovell. Remnants of the old Mason-Lovell Ranch remain and are open to the public.

Nicknamed the "Rose City of Wyoming," Lovell was once home to Dr. William Horsley, one of the foremost authorities on growing roses. Dr. Horsley found Lovell's climate to be especially suitable for growing roses and he worked for nearly 50 years to spread his love of roses throughout the community. In honor of Lovell's "Rose Doctor," the community now boasts numerous rose gardens and many residents work to cultivate that love of roses in their own gardens.

Lovell's closest neighbors include the towns of Cowley, Byron, Deaver, and Frannie.

## **Greybull**

Located in a valley at the confluence of the Bighorn and Greybull rivers and also at the junction of U.S. Highways 14, 16, and 20, this town was named for the Grey Bull River, bearing the name of a legendary albino bison bull that roamed the area and was sacred to Native Americans.

The railroad can be credited with giving birth to the town of Greybull in 1906 and although the railroad provided many jobs, oil gushers discovered in 1915 brought about a doubling of the local population which eventually grew to over 5,000 before the economic recession of 1921 began. The same geologic periods that provided the oil resources also now make this area a rich resource for dinosaur fossils and studies.

Today, agriculture and bentonite mining and processing (pure volcanic ash used in kitty litter, make up and ice cream) provide the major employment in the area. A local free museum documents the local history, geology, and paleontology and also has for view, a monument to its railroad history, a caboose.

BOB's competition in all the assessment area comes from local banks, savings banks and credit unions. We contacted a Powell realtor to discuss economic conditions and credit needs. Northern Wyoming has a stable economic base with the major employers being the hospital, oil and gas production and the local school districts. The financial institutions are supportive of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The bank's average loan-to-deposit ratio reflects a satisfactory responsiveness to community credit needs and is comparable to similarly situated banks.

Bank of Bridger's loan-to-deposit ratio indicates a good responsiveness to area credit needs. There are eleven, similarly situated financial institutions in the four assessment areas. We averaged each bank's loan-to-deposit ratio for the last thirteen quarters for comparison ending September 30, 2007. During these thirteen quarters, BOB's loan-to-deposit ratio ranged from 62 percent to 82 percent. BOB's average loan-to-deposit ratio of 75 percent satisfactorily meets the standards when compared to the 89% average for eleven similarly situated banks.

### Lending in Assessment Area

Bank of Bridger originated a substantial majority of its loans in the assessment area.

Specifically, 91 percent of the number and 83 percent of the dollar volume of all loans originated during the review period were made within the bank's assessment area.

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

Bank of Bridger has a reasonable distribution of loans to small businesses and small farms. The bank has a good record of lending to individuals of different income levels.

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### Bridger, Red Lodge, Joliet AA

#### HELOC Loan - Distribution by Income Level

Median Income for NonMSA MT is \$48,900			Family	BOB %	BOB %
Income Level	#	\$	Distribution	Lending by #	Lending by \$
0 - 24,450	3	65,200	0	21.4	11.8
24,451 - 39,120	3	117,054	16.67	21.4	21.2
39,121 - 58,680	4	124,942	66.67	28.6	22.6
> 58,681	4	244,810	16.66	28.6	44.4
	14	552,006	100.00	100.0	100.0

#### Construction RE - Distribution by Income Level

Median Income for NonMSA MT is \$48,900			Family	BOB %	BOB %
Income Level	#	\$	Distribution	Lending by #	Lending by \$
0 - 24,450	0	0	0	0	
24,451 - 39,120	1	155,699	16.67	7.2	5.8
39,121 - 58,680	3	916,368	66.67	21.4	34.2
> 58,681	10	1,604,238	16.66	71.4	60.0
	14	2,676,305	100.00	100.0	100.0

**Butte AA**

Construction RE - Distribution by Income Level

Median Income for NonMSA MT is \$48,900			Family	BOB %	BOB %
Income Level	#	\$	Distribution	Lending by #	Lending by \$
0 - 24,450	0	0	0	0	0
24,451 - 39,120	2	402,561	16.67	10	11
39,121 - 58,680	5	691,707	66.67	25.00	19
> 58,681	13	2,593,802	16.66	65	70
	20	3,688,069	100.00	100	100

HELOC - Distribution by Income Level

Median Income for NonMSA MT is \$48,900			Family	BOB %	BOB %
Income Level	#	\$	Distribution	Lending by #	Lending by \$
0 - 24,450	0	0	0	0	0
24,451 - 39,120	2	32,890	16.67	15.3	9.15
39,121 - 58,680	5	190,000	66.67	38.5	52.90
> 58,681	6	136,292	16.66	46.2	37.95
	13	359,182	100.00	100	100.00

**Harlem AA**

Agriculture Loans by Farm Size

Revenue Size	#	\$	
0-100	9	339,342	
101 – 250	9	665,045	1,004,387
251 – 500	2	207,100	1,211,487
501 - 1,000	2	515,228	
> 1,000	0		
	22	1,726,715	

20/22 or 91% loans made to small businesses

Distribution

20/22 ( 91%) by number to small farms  
 1,211,487/1,726,715 = 70% by dollar to small farms  
 18/22 (82%) under 250M  
 1,004,387/1,726,715 = 58% by dollar under \$250M

**Powell, Lovell, Greybull**

Commercial Loans by Business Size

Revenue Size	#	\$	
0-100	10	289,666	
101 - 250	8	227,630	517,296
251 - 500	5	256,762	774,058
501 - 1,000	0	0	
> 1,000	3	898,804	
	26	1,672,862	
		44,502	Revenue income not available
		1,717,364	

Distribution 23/26 = 88% to small business

774,058/1,717,364 = 45% by dollar  
18/26 (69%) under 250M  
517,296/1,717,364 = 30% by dollar under \$250M

### **Geographic Distribution of Loans**

The number and income distribution of geographies in the AAs are not sufficient for a meaningful analysis of the geographic distribution. There are only five moderate income tracts in all of the bank's assessment areas. When reviewed by assessment area, Blaine County, MT has two moderate income tracts, which was not sufficient for a meaningful analysis based on the small farm loan sample.

### **Responses to Complaints**

Bank of Bridger did not receive any complaints relating to the institution's CRA performance since the August 2003 exam.

### **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.