



## **PUBLIC DISCLOSURE**

February 2, 2021

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

Hilltop National Bank  
Charter Number: 15359

300 Country Club Road  
Casper, Wyoming 82609

Office of the Comptroller of the Currency

1225 17th Street, Suite 300  
Denver, Colorado 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, and should not 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.

**Table of Contents**

Overall CRA Rating.....3  
Description of Institution..... 4  
Scope of the Evaluation.....5  
Discriminatory or Other Illegal Credit Practices Review.....5  
State Rating.....6  
    State of Wyoming.....6  
Appendix A: Scope of Examination.....A-1  
Appendix B: Summary of MMSA and State Ratings.....B-1  
Appendix C: Definitions and Common Abbreviations.....C-1  
Appendix D: Tables of Performance Data.....D-1

## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated Outstanding.

The following table indicates the performance level of Hilltop National Bank with respect to the Lending, Investment, and Service Tests:

Performance Levels	Hilltop National Bank Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X	X	X
High Satisfactory			
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on excellent lending levels in the assessment area (AA), a good distribution of loans in geographies of different income levels, and an excellent distribution of loans to borrowers of different income levels and businesses of different sizes.
- The Investment Test rating is based on an excellent level of community development (CD) investments and donations within the AA and the broader statewide area.
- The Service Test rating is based on an excellent level of CD service hours and a branch distribution system accessible to all portions of the AA.
- Hilltop National Bank (HNB) originated a substantial majority of loans within the AA.

### Lending in Assessment Area

A substantial majority of the bank’s loans are in its assessment area.

The bank originated and purchased 90.9 percent of its total loans inside the bank’s assessment area during the evaluation period of January 1, 2017 to December 31, 2019. HMDA reportable loans originated within the AA totaled 94.4 percent by number. For CRA reportable loans, HNB originated 91.1 percent of small loans to businesses and 72.5 percent of small loans to farms inside the AA. This analysis is performed at the bank, rather than the AA, level.

<b>Lending Inside and Outside of the Assessment Area</b>										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage	671	94.4%	40	5.6%	711	117,049	94.7%	6,557	5.3%	123,607
Small Business	713	91.1%	70	8.9%	783	85,809	89.9%	9,589	10.1%	95,398
Small Farm	100	72.5%	38	27.5%	138	11,614	78.8%	3,117	21.2%	14,731
<b>Total</b>	<b>1,484</b>	<b>90.9%</b>	<b>148</b>	<b>9.1%</b>	<b>1,632</b>	<b>214,472</b>	<b>91.8%</b>	<b>19,263</b>	<b>8.2%</b>	<b>233,736</b>

## Description of Institution

Hilltop National Bank is a federally chartered financial institution headquartered in Casper, Wyoming. HNB is a single state institution with \$778 million in total assets as of December 31, 2019. The bank is wholly owned by Midland Financial Corporation, also located in Casper, Wyoming, and does not have any other affiliates. There have been no acquisitions or mergers during the current evaluation period.

HNB's rating area is in Wyoming. It is a single AA consisting of Natrona county and a single census tract (CT) in Converse County. The bank operates its main office and three full-service branch locations in Casper, Wyoming and one full-service branch location in Glenrock, Wyoming, which is 25 miles east of Casper. The bank has eight ATMs, one at each branch location, two located in grocery stores and one at Natrona County International Airport.

As of December 31, 2019, the bank's net loans represented 34.9 percent of total assets. The loan portfolio is primarily comprised of real estate loans totaling \$220.0 million. Commercial, non-real estate loans total \$33.6 million and individual loans total \$17.8 million. The bank maintains a strong capital position with tier 1 capital totaling \$94.9 million with a tier 1 leverage ratio of 12.2 percent.

HNB is a full-service banking institution offering a wide range of loan and deposit products for individuals and businesses. The bank's primary lending focus is home mortgage loans and small business loans. The bank's business strategy centers on providing full-service banking and trust services to Natrona and Converse counties in Wyoming. The bank's focus is on efficiency, full utilization of existing banking-related software and systems, and consistent operation throughout each of their branches.

HNB received an "Outstanding" rating on its previous CRA examination dated January 16, 2018. There were no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its AA during the evaluation period.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This performance evaluation covers home mortgage loans, small loans to businesses, and small loans to farms originated or purchased between January 1, 2017 and December 31, 2019. Consumer lending was not evaluated because those loans are not a significant product for the bank. The evaluation also includes community development loans, qualified investments, and community development services for the period beginning January 17, 2018, through December 31, 2019.

When evaluating the bank's performance, we considered the number and dollar volume of loans for each loan product. As a percent of total loans, home mortgage loans represented 44 percent by number and 53 percent by dollar volume, small business loans represented 48 percent by number and 41 percent by dollar volume and small farm loans represented 8 percent by number and 6 percent by dollar volume. Therefore, performance related to home mortgage loans and small loans to businesses were given primary consideration and equal weight in our analysis and drove our final conclusions.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the COVID-19 pandemic are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

### **Selection of Areas for Full-Scope Review**

Because the bank has only one AA, it was selected for a full-scope review. Also refer to appendix A.

### **Ratings**

The bank's overall rating is based on performance in the bank's single AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Bureau of Consumer Financial Protection, as applicable.

The OCC has not identified that this institution has engaged in any discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Wyoming

**CRA rating for the State of Wyoming:** Outstanding

**The Lending Test is rated:** Outstanding

**The Investment Test is rated:** Outstanding

**The Service Test is rated:** Outstanding

The major factors that support this rating include:

- Lending levels that reflect excellent responsiveness to AA needs.
- A good distribution of loans in geographies of different income levels.
- An excellent distribution of loans to borrowers of different income levels and businesses of different sizes given the somewhat limited lending opportunities in the low-income census tract.
- An excellent level of CD investments.
- An excellent level of CD services.
- Service delivery systems that are accessible to geographies and individuals of different income levels in the bank's AA

### Description of Institution's Operations in Wyoming

HNB's operations in the state of Wyoming are focused primarily on home mortgage and small business lending. The bank has one AA in the state of Wyoming consisting of Natrona County and a single census tract in Converse county. HNB operates five branches and eight ATMs in its Wyoming AA. The bank offers a traditional line of banking and lending products at each of its branch locations.

As of June 30, 2019, HNB ranks first in the Wyoming AA for total deposit market share, with 23.0 percent of deposits totaling \$643.5 million. The bank faces heavy competition in the area with 10 other institutions in the market, including First Interstate Bank, The Converse County Bank and Wells Fargo Bank, N.A.

### Employment

The main employment sectors in the Casper, Wyoming MSA, comprised of Natrona County, are healthcare and social assistance, retail trade, oil and gas extraction, government, and educational services. Major employers include Walmart, Rocky Mountain Power and the Wyoming Medical Center. As of December 31, 2019, the unemployment rate in Natrona County is 4.2 percent which is higher than the State of Wyoming unemployment rate of 3.7 percent and higher than the U.S unemployment rate of 3.6 percent. The 2018 median low-income family for Natrona County had income of \$37,200 and moderate-income families income ranged from \$37,200 to \$59,520.

The main employment sectors in Converse County are accommodation and food services, mining, oil and gas extraction, and healthcare and social assistance. As of December 31, 2019, the unemployment rate in Converse County is 3.0 percent which is lower than the State of Wyoming unemployment rate of 3.7 percent and the U.S unemployment rate of 3.5 percent.

## **Housing**

The overall home ownership rate is 67.0 percent in Casper, Wyoming and 55.9 percent in Glenrock, Wyoming. The 2018 data indicates the median property value was \$202,600 in Casper, Wyoming and \$185,500 in Glenrock, Wyoming. The median gross rent was \$777 for Casper, Wyoming and \$739 for Converse County. The 2018 median family income for Converse County was less than \$40,200 for a low-income family and ranged from \$40,200 to \$64,320 for a moderate-income family.

Lending opportunities for residential mortgages are somewhat limited in low- and moderate-income (LMI) geographies in the AA, particularly the single low-income CT. There is limited housing inventory in these CTs. Based on 2015 ACS census data, 54.6 percent of the housing inventory is renter-occupied in the low-income CT and 37.38 percent of the housing inventory is renter-occupied in the moderate-income CTs. Inventory by number is also limited in the LMI CTs with a total of 2,345 units in the low-income CT and 3,958 units in the combined moderate-income CTs, compared to 30,200 units in the combined middle- and upper-income CTs. In addition, the low-income tract is comprised of numerous industrial and commercial zones and public use space, limiting the housing inventory and the potential for home lending to LMI borrowers.

The OCC also conducted an affordability analysis in this AA and determined that the overall affordability of housing for LMI borrowers was an impediment to HNB's home mortgage lending to low-income borrowers within this AA. Based on this, the OCC considered the overall affordability when conducting the analysis and assigning ratings for borrower distribution in this AA. The cost of housing and its accessibility to LMI families is reflected in the level of homeowners with housing costs that exceed 30.0 percent of their income, which is a standard industry benchmark for affordability. To illustrate the issue of housing affordability, a low-income borrower making \$36,416 (50.0 percent of the 2019 FFIEC adjusted median family income) could afford a monthly housing payment of \$910. Assuming a 30-year mortgage at the 2015 median housing value, with a 5.0 percent interest rate, and no down payment, this scenario would result in a monthly mortgage payment of \$1,031. This scenario does not include expenses related to homeowner's insurance, real estate taxes, or any additional monthly expenses of the borrower. This helps illustrate that affordable home ownership is not within reach for many low-income families.

## **Community Contacts**

We reviewed information from three community contacts as part of our evaluation. One community contact indicated the local small business community in Casper is doing particularly well, and the local community is very supportive of the local business community and will consciously shop local. While there is some vacancy in buildings downtown, there has been significant growth in business occupation. The contact also indicated that local financial institutions are very active in the local community and are excellent community partners. The contact also expressed that local banks are very active in helping small businesses access financial tools.

A second community contact in Converse County indicated that current economic conditions are good, major industries are doing well in the area and many companies are coming back. The contact indicated that housing prices have been driven up by demand from workers in the oil fields, coal mines, and gas companies. The contact also indicated that financial institutions are involved in the community and that a primary credit need in the community is business loans.

A third contact indicated the state is doing well overall, but home prices are on the rise. The contact indicated there has been a large influx of single-family buyers from out of state which has resulted in increasing home prices and limited inventory. The contact indicated this effect has resulted in increased difficulty for LMI buyers to find affordable housing in the state, including in the bank’s AA.

## Wyoming AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Wyoming AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	19	5.3	15.8	63.2	15.8	0.0
Population by Geography	82,710	5.6	11.0	69.5	14.0	0.0
Housing Units by Geography	36,503	6.4	10.8	68.6	14.2	0.0
Owner-Occupied Units by Geography	22,153	3.9	9.8	69.2	17.1	0.0
Occupied Rental Units by Geography	11,066	11.6	13.5	69.5	5.5	0.0
Vacant Units by Geography	3,284	6.2	8.8	61.1	23.8	0.0
Businesses by Geography	6,215	18.0	9.6	55.5	16.9	0.0
Farms by Geography	203	8.9	12.3	46.3	32.5	0.0
Family Distribution by Income Level	20,991	21.1	16.4	21.7	40.7	0.0
Household Distribution by Income Level	33,219	22.9	16.7	18.6	41.8	0.0
Median Family Income MSA - 16220 Casper, Wyoming MSA		\$71,406	Median Housing Value			\$192,105
Median Family Income Non-MSAs - Wyoming		\$72,833	Median Gross Rent			\$849
			Families Below Poverty Level			7.5%
<i>Source: 2015 ACS and 2019 D&amp;B Data                      Due to rounding, totals may not equal 100.0%                      (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in Wyoming

Ratings in the state of Wyoming are based on the bank's performance in the Wyoming AA, which is the bank's single AA. The AA represents 100 percent of the bank's deposits and more than 90 percent of bank loans in the state of Wyoming. We performed a full scope review of the bank's single AA.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WYOMING

### LENDING TEST

The bank's performance under the Lending Test in Wyoming is rated Outstanding.

### Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Wyoming AA is Excellent.

### Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Number of Loans							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Wyoming AA	671	713	100	0	1,484	100	100

Dollar Volume of Loans							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Wyoming AA	117,049	85,809	11,614	0	214,472	100	100

The proportion of the bank's loans in the AA is comparable to the proportion of its deposits since the Wyoming AA is the bank's only AA in the state of Wyoming.

The bank's market share and rank in loans are less than its market share and rank in deposits. This is a result of greater competition in the lending space compared to the deposit space. The bank still ranks favorably among lending competitors and outperforms its deposit ranking when compared to the number of lending competitors. The bank has a 23.0 percent deposit market share and ranks first among ten deposit institutions in its AA. For home mortgage loans the bank has an 8.0 percent market share and ranks third among 111 mortgage lenders. For small business loans the bank has a 10.2 market share and ranks fourth among 53 small business lenders. For small farm loans the bank has a 38 percent market share and ranks first among 13 small farm lenders. The top five home mortgage lenders hold 46.6 percent market share, the top five small business lenders hold 53.3 percent of the market share and the top five small farm lenders hold 76.0 percent of the market share in the AA.

The bank outperformed its deposit market share (10<sup>th</sup> percentile) with a higher home mortgage loan percentile at 2.7, a small business percentile at 7.6, and a small farm percentile of 7.7.

## **Distribution of Loans by Income Level of the Geography**

The bank exhibits a good geographic distribution of loans in its AA.

### ***Home Mortgage Loans***

Refer to Table O in the state of Wyoming section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The percentage of loans in moderate-income CTs is in line with aggregate data and the percentage of owner-occupied units. The percentage of loans in low-income CTs is well below the aggregate and significantly below the percentage of owner-occupied units. More weight was given to the performance in the moderate income CTs due to the higher level of lending in these areas. In addition, opportunities for lending in low-income tracts are impacted by the commercial and industrial nature of the tracts, and the smaller volume of owner-occupied residential units.

### ***Small Loans to Businesses***

Refer to Table Q in the state of Wyoming section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The percentage of loans to small businesses in moderate income CTs exceeds the aggregate and the percentage of businesses in moderate income CTs. The percentage of loans to small businesses in low income CTs is in line with the aggregate and below the percentage of businesses in low income CTs. The percentage of loans to small businesses in the combined LMI CTs exceeds the percentage of businesses in the combined LMI CTs.

### ***Small Loans to Farms***

Refer to Table S in the state of Wyoming section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The percentage of small loans to farms exceeds the aggregate and is slightly below the percentage of farms in moderate-income CTs. The percentage of small loans to farms is significantly below the aggregate and the percentage of farms in the single low-income CT in the AA. This CT is within the city of Casper and has limited farm lending opportunities given that the tract is commercial, industrial, and residential in nature. The OCC therefore placed minimal weight on farm performance in the low-income tract.

### ***Lending Gap Analysis***

Examiners analyzed HNB's lending activity during the review period and reviewed AA maps to identify any gaps in the geographic distribution of loans and did not identify any unexplained conspicuous gaps.

## **Distribution of Loans by Income Level of the Borrower**

The bank exhibits an excellent distribution of loans among individuals of different income levels and businesses and farms of different sizes, given the product lines offered by the institution.

***Home Mortgage Loans***

Refer to Table P in the state of Wyoming section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The percentage of loans to moderate-income borrowers exceeds the aggregate and the percentage of moderate-income families. The percentage of loans to low-income borrowers exceeds the aggregate and is below the percentage of low-income families. The combined percentage of bank loans to LMI borrowers exceeds the combined percentage of LMI families. Given home affordability factors discussed previously, the bank's home mortgage lending performance demonstrates excellent performance.

***Small Loans to Businesses***

Refer to Table R in the state of Wyoming section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The percentage of loans to small businesses exceeds the peer average (aggregate) lending figure but is well below the percentage of businesses that are small in the AA.

***Small Loans to Farms***

Refer to Table T in the state of Wyoming section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to businesses.

The percentage of loans to small farms exceeds the peer average (aggregate) lending figure but is below the percentage of farms that are small in the AA.

**Community Development Lending**

The institution has made few if any Community Development (CD) loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. CD lending had an overall neutral impact to the bank's Lending Test conclusion. Though opportunities within the Wyoming AA were limited, management made some impactful loans within the broader region that help demonstrate their commitment to community development.

During the limited evaluation period for CD activities, the bank originated no CD loans in the Wyoming AA. Management disclosed that they had pursued the only available large loan financing affordable housing in their delineated AA, which is an identified need. Ultimately, they were not able to participate given legal lending limit considerations. This project was funded by a larger institution that operates in the area. Management participates in affordable housing loan opportunities when possible, as demonstrated during the prior evaluation, and based on their participation in more current projects that will be assessed at the next evaluation.

Additional performance context further supports that management is reasonably meeting the needs of their AA. Though credit was already given under other Lending Test criteria, examiners also noted certain small business loans originated in the AA that exhibit CD characteristics, such as a loan to expand facilities for a community service organization providing services to disabled residents in need. Because management operates in just one AA, they are especially well-connected and maintain ongoing

awareness of feasible opportunities with direct impact to their AA. Community contacts in the Wyoming AA also noted a favorable climate for small businesses in the AA along with strong economic performance during the evaluation period.

Management originated or refinanced three loans in the broader statewide or regional area that have no direct benefit to the bank’s AA but were given favorable consideration. These endeavors help illustrate ongoing bank efforts to meet the needs within the state and the broader region.

- One loan totaling \$1.6 million, plus a refinance of the loan (near \$1.6 million) that funded the expansion of broadband services to certain rural and underserved areas within the state of Wyoming; and
- One loan totaling \$8.0 million that funded construction of affordable housing in the Salt Lake City, Utah MSA, which is approximately 400 miles from the bank’s Wyoming AA and considered to be in the broader region.

**Product Innovation and Flexibility**

The institution made no use of innovative and/or flexible lending products in order to serve AA credit needs.

**INVESTMENT TEST**

The bank’s performance under the Investment Test in Wyoming is rated Outstanding.

**Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank’s performance in the Wyoming AA is excellent. The institution has an excellent level of qualified CD investments and grants; however, the bank did not act as a leader in their investment activity, and the bank has no investments that are not routinely provided by private investors. The institution also does not use innovative and/or complex investments to support CD initiatives. However, the institution exhibits good responsiveness to credit and community economic development needs.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000’s)	#	\$(000’s)	#	% of Total #	\$(000’s)	% of Total \$	#	\$(000’s)
Wyoming AA	4	2,299	37	301	41	82.0	2,600	34.2	0	0
State of Wyoming	6	2,135	3	2,870	9	18.0	5,005	65.8	0	0

\* ‘Prior Period Investments’ means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* ‘Unfunded Commitments’ means legally binding investment commitments that are tracked and recorded by the institution’s financial reporting system.

Wyoming AA

Qualified investments in the Wyoming AA total \$2.6 million. Total qualified investments in the AA, including donations, represent 2.7 percent of tier 1 capital. The investments consist of prior period investments totaling \$2.3 million and current period grants and donations totaling \$301,000. Investment activity includes the following:

- Four prior period investments totaling \$2.3 million, which funded various facilities improvements to a higher education facility in the AA which provides affordable education opportunities and serves a majority LMI population of students;
- Twelve Home\$tart grants totaling \$64,000 that provided down payment or closing cost assistance for qualifying LMI borrowers; and
- Various donations to 25 organizations totaling \$237,000, which included the following:
  - Donations benefitting 21 organizations providing needed community services to LMI individuals and families (48.9 percent of funds);
  - Significant donations to the Casper Downtown Development Authority and the related David Street Station project, a city revitalization project improving a low-income tract in downtown Casper and providing parks and facilities for the use and enjoyment of all residents at no cost (41.5 percent of funds); and
  - Donations to three affordable housing organizations that provide needed assistance to LMI individuals and families (9.7 percent of funds)

The bank also waives fees on trust accounts for various nonprofit organizations, including those that serve the needs of LMI individuals and families, which amounted to thousands of dollars in waived fees for qualifying organizations.

Qualified investments and donations focusing on affordable housing needs are considered particularly responsive given needs in the AA.

#### Broader Statewide Region

In addition, the bank had qualified investments totaling \$5.0 million benefitting the broader statewide region, including the following:

- Three current period investments totaling \$2.9 million, of which 86.8 percent helped fund affordable housing loans to LMI individuals and families through the Wyoming Community Development Authority (WCDA), and 13.2 percent funded facilities improvements at a community college which provides affordable education opportunities to students in the state and serves a primarily LMI population of students;
- Three prior period investments totaling \$1.2 million, which helped fund affordable housing loans to LMI individuals and families through the WCDA; and
- Three prior period investments totaling \$0.9 million which funded various facilities improvements at public educational institutions that provide affordable higher-education opportunities and serve a majority LMI population of students.

### **SERVICE TEST**

The bank's performance under the Service Test in Wyoming is rated Outstanding.

### **Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, the bank's performance in the Wyoming AA is excellent. In forming the conclusion, examiners placed additional weight on the bank's CD service activity given material improvement in qualifying service hours and the level of leadership demonstrated by bank staff. Services were also responsive to community needs.

## Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Wyoming AA	100	6	100	33.33	0.00	66.66	0	5.60	11.00	69.50	14.00

The bank operates six banking locations in the Wyoming AA. Two branches are in a low-income CT and four branches are in middle-income CTs. The percentage of branches in the low-income CT is significantly higher than the percentage of the population living in this tract. While there are no branches in moderate-income tracts, overall branch distribution is considered accessible, and lending data indicate a good to excellent level of lending in both LMI tracts, which helps support the effectiveness of the bank's branch distribution. The bank operates two full-service ATMs located in middle-income tracts. Additionally, the bank offers online and mobile banking services for delivering retail banking services to all customers, including LMI individuals. These alternative retail banking services include E-statements, mobile banking, remote deposit capture, and online bill pay which are all offered at no additional cost. The OCC placed limited weight on alternative delivery systems, as the bank does not maintain metrics to determine their effectiveness in helping to meet the service and credit needs of LMI individuals.

The bank did not open or close any branches during the evaluation period. Previous CRA examinations did not identify any negative effects on LMI individuals from HNB's branching activities.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of its AA, particularly LMI geographies and/or individuals. Hours are standardized across HNB's branch locations. Of the two branches in low-income CTs, one does not operate a lobby and one does not operate a drive thru. However, these two branches are in close proximity to each other, and on a combined basis, they offer the key services of branches in middle-income tracts. The bank also offers a free checking account product with no minimum balance requirement.

## Community Development Services

The institution is a leader in providing CD services. Examiners noted material growth in service hours compared to the prior evaluation, indicating management's ongoing commitment to community development.

HNB had 24 employees perform 1,716 hours of qualifying CD services benefitting 17 different organizations in the Wyoming AA. A significant majority of service hours (96.0 percent) represent board membership or other leadership roles in various organizations. Considering all CD service hours, 84.4 percent provided support to community service organizations benefitting LMI individuals, 11.7 percent facilitated affordable housing efforts in the AA, and 4.0 percent related to economic development or revitalization efforts. Meaningful examples of HNB's CD services include the following:

- One employee served on the Board and Executive Finance Committee for an organization committed to creating and preserving affordable housing and educating homebuyers in the state of Wyoming;
- Ten employees participated in a financial literacy program benefitting local LMI school children and one employee served on the board that organized and implemented the program; and
- One employee organized a “Coats for Kids” campaign as a board member for a local organization, which provided winter-appropriate clothing for local children in need.

## Appendix A: Scope of Examination

---

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope”.

<b>Time Period Reviewed:</b>	01/01/2017 to 12/31/2019 for HMDA, CRA LAR 01/17/2018 to 12/31/2019 for Community Development and Retail Services	
<b>Bank Products Reviewed:</b>	Home mortgage, small business, and small farm loans Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Exam</b>	<b>Other Information</b>
<b>State</b>		
Wyoming	Full Scope	Natrona County and CT 9567 in Converse County

## Appendix B: Summary of State Ratings

---

RATINGS		Hilltop National Bank		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Rating
Hilltop National Bank	Outstanding	Outstanding	Outstanding	Outstanding
State:				
Wyoming	Outstanding	Outstanding	Outstanding	Outstanding

(\*) The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.

## Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**MMSA (state):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland or are classified as loans to finance agricultural production and other loans to farmers.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

---

### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased loans are treated the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses that were originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) in those geographies. Because aggregate small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-,

and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because aggregate small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

- Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -** Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.
- Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography –** Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Borrower -** Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MMSA/assessment area.

**Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Wyoming AA	671	117,049	100.0	3,212	3.9	1.5	2.3	9.8	9.2	9.9	69.2	75.4	72.2	17.1	13.9	15.7	0.0	0.0	0.0
<b>Total</b>	<b>671</b>	<b>117,049</b>	<b>100.0</b>	<b>3,212</b>	<b>3.9</b>	<b>1.5</b>	<b>2.3</b>	<b>9.8</b>	<b>9.2</b>	<b>9.9</b>	<b>69.2</b>	<b>75.4</b>	<b>72.2</b>	<b>17.1</b>	<b>13.9</b>	<b>15.7</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** **2017-19**

Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Wyoming AA	671	117,049	100.0	3,212	21.1	14.9	7.0	16.4	27.0	20.2	21.7	25.9	23.3	40.7	29.7	27.9	0.0	2.5	21.7
<b>Total</b>	<b>671</b>	<b>117,049</b>	<b>100.0</b>	<b>3,212</b>	<b>21.1</b>	<b>14.9</b>	<b>7.0</b>	<b>16.4</b>	<b>27.0</b>	<b>20.2</b>	<b>21.7</b>	<b>25.9</b>	<b>23.3</b>	<b>40.7</b>	<b>29.7</b>	<b>27.9</b>	<b>0.0</b>	<b>2.5</b>	<b>21.7</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate

**Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography 2017-19**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Wyoming AA	713	85,809	100.0	1,971	18.0	13.6	13.6	9.6	16.4	8.9	55.5	51.8	53.5	16.9	18.2	19.4	0.0	0.0	4.5
<b>Total</b>	<b>713</b>	<b>85,809</b>	<b>100.0</b>	<b>1,971</b>	<b>18.0</b>	<b>13.6</b>	<b>13.6</b>	<b>9.6</b>	<b>16.4</b>	<b>8.9</b>	<b>55.5</b>	<b>51.8</b>	<b>53.5</b>	<b>16.9</b>	<b>18.2</b>	<b>19.4</b>	<b>0.0</b>	<b>0.0</b>	<b>4.5</b>

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate

**Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues 2017-19**

Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Wyoming AA	713	85,809	100.0	1,971	78.6	62.4	46.1	7.1	31.3	14.4	6.3
<b>Total</b>	<b>713</b>	<b>85,809</b>	<b>100.0</b>	<b>1,971</b>	<b>78.6</b>	<b>62.4</b>	<b>46.1</b>	<b>7.1</b>	<b>31.3</b>	<b>14.4</b>	<b>6.3</b>

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate

**Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography** **2017-19**

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Wyoming AA	100	11,614	100.0	69	8.9	0.0	14.5	12.3	10.0	9.7	46.3	4.0	41.9	32.5	86.0	32.3	0.0	0.0	1.6
<b>Total</b>	<b>100</b>	<b>11,614</b>	<b>100.0</b>	<b>69</b>	<b>8.9</b>	<b>0.0</b>	<b>14.5</b>	<b>12.3</b>	<b>10.0</b>	<b>9.7</b>	<b>46.3</b>	<b>4.0</b>	<b>41.9</b>	<b>32.5</b>	<b>86.0</b>	<b>32.3</b>	<b>0.0</b>	<b>0.0</b>	<b>1.6</b>

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate

**Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** **2017-19**

Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Wyoming AA	100	11,614	100.0	69	98.0	91.0	59.7	1.0	4.0	1.0	5.0
<b>Total</b>	<b>100</b>	<b>11,614</b>	<b>100.0</b>	<b>69</b>	<b>98.0</b>	<b>91.0</b>	<b>59.7</b>	<b>1.0</b>	<b>4.0</b>	<b>1.0</b>	<b>5.0</b>

Source: 2019 D&B Data; 01/01/2017 - 12/31/2019 Bank Data; 2019 CRA Aggregate Data, "--" data not available.  
 Due to rounding, totals may not equal 100.0%

HILLTOP NATIONAL BANK (10000015359) excluded from Aggregate