



## **PUBLIC DISCLOSURE**

May 30, 2017

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

Summit National Bank  
Charter Number 18154

133 Main Street Hulett, WY 82720

Office of the Comptroller of the Currency

101 Stewart Street, Suite 1010, Seattle, WA 98101

**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.

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## **Overall CRA Rating: Outstanding**

### **The Lending Test is rated: Outstanding**

- Summit National Bank's loan to deposit ratio is more than reasonable given the Bank's size, financial condition, and the credit needs of the Bank's assessment areas (AAs).
- A majority of the Bank's loans were originated within its designated AAs.
- The distribution of loans to farms of different sizes is excellent overall.
- The geographic distribution of loans reflects reasonable dispersion in Wyoming. Geographic analysis is not meaningful for the AAs in Montana and Idaho.
- The institution did not receive any consumer complaints regarding its CRA performance during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated Area:** A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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 One 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.

## Description of Institution

Summit National Bank (SNB) is a \$72 million federally chartered Bank headquartered in Hulett, Wyoming, and operates in limited areas of Montana, Wyoming, and Idaho. Summit National Bank originated as Hulett National Bank in 1984. In 2004, Hulett National Bank unified the names of branches and became known as Summit National Bank. In 2009, the Bank acquired First National Bank of Ekalaka, located in Ekalaka, MT. In 2010 the Bank opened a Loan Production Office (LPO) in Salmon, ID which subsequently became a full service branch in November 2011. The Bank closed two branches in Wyoming, in Baggs and Ten Sleep, during the first and second quarters of 2015. The institution's primary owner is Hulett Bancorp, a Bank holding company also based in Hulett. The Bank operates the main banking location in Hulett, two branches, and an operations center. The Montana branch is located in Ekalaka, with an operations center in Laurel. The Idaho branch is located in Salmon. The hours of operation as well as products and services offered at the branches are similar.

All SNB locations have 24-hour Automated Teller Machines (ATMs), including one deposit taking ATM in Hulett, WY. The Bank offers traditional community bank products and services. As of March 31, 2017 net loans represented 82.33 percent of total deposits, and 72.36 percent of total assets. Tier one capital totaled \$6.26 million. The following table reflects details about SNB's loan portfolio as of March 31, 2017.

<b>Loan Portfolio Composition as of March 31, 2017 (000s)</b>			
<b>Loan Type</b>	<b>\$ Amount</b>	<b>% of Total Assets</b>	<b>% of Portfolio</b>
Commercial Real Estate	8,383	11.54%	15.69%
Farmland	7,775	10.70%	14.55%
1-4 Family Residential/HELOCs	8,117	11.17%	15.19%
Commercial and Industrial	5,167	7.11%	9.67%
Agricultural Production	12,576	17.31%	23.53%
Individual	2,935	4.04%	5.49%
Construction and Development	1,897	2.61%	3.55%
Other Loans	6,587	9.07%	12.33%
<b>Total Gross Loans</b>	<b>53,437</b>	<b>74%</b>	<b>100%</b>

Source: FDIC Call Report Data

SNB's business focus is to provide a variety of credit and deposit services to support the needs of agricultural producers, small businesses, and consumers located within the AAs. We selected farm loans as SNB's primary loan product. From January 1, 2015 through March 31, 2017, farm loans originated totaled 68.62 percent of the total dollar volume of loans made during the evaluation period. Residential real estate loans were a secondary product with 17.84 percent of the total dollar volume of originations. Business loan originations only totaled 7.75 percent and consumer loan originations only represented 5.79 percent of the total dollar volume of originations.

The bank has the financial capacity to assist in meeting the credit needs of its AAs. There are no legal, financial, or other factors that impede SNB's CRA efforts. The Bank received a "Satisfactory" rating at the last CRA Evaluation dated December 05, 2011.

Based on FDIC deposit market share data as of June 30, 2016, significant deposit competitors in the AAs include large national banks such as Wells Fargo Bank, N.A., and U.S. Bank. Other competitors include mid-size and small community banks such as Washington Federal, N.A., Pinnacle Bank, and Sundance State Bank. In the Carter County (MT) AA, SNB maintains 100 percent of the deposit market share. In the Crook County (WY) AA, Sundance holds 77.31 percent of the market share followed by Pinnacle Bank with 11.63 percent, and SNB with 11.06 percent of the market share. In the Lemhi County (ID) AA, U.S. Bank holds 44.70 percent followed by Wells Fargo with 35.10 percent, Washington Federal with 15.63 percent, and SNB with 4.57 percent of the market share.

## **Scope of the Evaluation**

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

We evaluated SNB under the Small Bank Procedures, which assess the Bank's CRA performance under the lending test. The lending test evaluates SNB's record of meeting the credit needs of its AAs through its lending activities. Our assessment included an evaluation of the Bank's farm originations. Farm loans are SNB's primary loan product, representing a majority of loan originations during the evaluation period. Farm loans include farmland, livestock, and crop production loans.

The current evaluation period is January 1, 2015 through March 31, 2017. For most elements of the lending test, we reviewed SNB's lending performance for calendar years 2015, 2016 and the first quarter of 2017, unless otherwise indicated. In order to evaluate the Bank's record of originating its primary loan product, we analyzed loan data collected during our examination. We tested a sample of SNB's loans to obtain sufficient loan data to evaluate the Bank's lending performance.

### **Data Integrity**

The Bank is not a required reporter under the Home Mortgage Disclosure Act (HMDA), and residential real estate loans are not a primary loan product; therefore there was no review of data integrity in conjunction with this evaluation. Loan data analysis was based directly on data gathered from loan files.

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

The Bank has three AAs in three states. All AAs were subject to a full-scope review.

### **Ratings**

The bank's overall rating is a blend of the state ratings. Montana was given slightly more weight than Wyoming in our analysis, because the state of Montana had a majority of Bank deposits, at 53.27 percent of the total compared to Wyoming of 39.41 percent of the total.

Idaho was given the least weight in our analysis, because the state only had 7.31 percent of the total deposits.

## **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 Consumer Financial Protection Bureau, as applicable.

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

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

## Conclusions with Respect to Performance Criteria

### Loan-to-Deposit Ratio

SNB's loan-to-deposit (LTD) ratio is more than reasonable given the Bank's size, financial condition, and AA credit needs. SNB's average quarterly LTD ratio is 79.67 percent for all quarters since the prior CRA public evaluation dated December 05, 2011. This includes twenty-two quarters from December 31, 2011 through March 31, 2017. The LTD ratio demonstrates the Bank's overall lending volume, which we compare to similarly situated institutions in order to determine reasonableness.

The comparative analysis below includes fifteen similarly situated financial institutions operating within the states of Montana and Wyoming, with a comparable level of assets and branch locations in comparison to SNB. We compared SNB's average quarterly LTD ratio since the prior CRA evaluation with the average LTD ratio of similarly situated institutions for the same period. SNB ranks first out of sixteen institutions. We noted that those institutions with the most similar profile to SNB tended to have lower LTD ratios. In total, the average LTD ratio of similarly situated institutions was 64.03 percent, which fell within a range of 89.28 percent on the high side to 38.49 on the low side. The following table illustrates SNB's average LTD ratio as compared to similarly situated institutions.

Summit National Bank		Similar Institutions	
Average LTD Ratio	79.67	Average LTD Ratio	64.03
High LTD Ratio	97.88	High LTD Ratio	89.28
Low LTD Ratio	64.86	Low LTD Ratio	38.49

Source: FDIC Call Report Data.

### Lending in Assessment Area

Based on our loan samples, SNB's lending activity reflects that the majority of the Bank's loans are originated within their AA's. During the loan review period, SNB originated approximately 68 percent by number and 79.91 percent by dollar volume within its AAs. The following table illustrates the Bank's lending volume inside and outside its AAs based on loan type reviewed.

Table 1 - Lending in the Combined Assessment Areas										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agricultural Loans	51	68.00%	24	32.00%	75	\$8,969	79.91%	\$2,255	20.09%	\$11,224

Source: Loan sample.

## State Rating

### State of Montana

#### CRA rating for Montana: Outstanding

The lending test is rated: Outstanding

The following major factors support the rating:

- Lending activities represent excellent penetration among farms. All farms in the AA have gross revenues below \$1 million.
- The Bank did not receive any CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Montana

SNB operates one branch located in Ekalaka, the county seat of Carter County, Montana. Carter County is the southeastern most county in Montana in shares a border with Crook County, Wyoming, also an AA of the Bank. Carter County AA is comprised of one middle income census tract which is designated as distressed and underserved as a result of population loss, and the rural nature of the geography. The AA meets regulatory requirements and does not arbitrarily exclude low or moderate-income (LMI) geographies.

Data compiled by Moody's Analytics indicates that Montana's economy is in a state of expansion as of April 2017. Major economic driver include, agriculture, tourism, and energy resources. The state benefits from substantial coal and oil reserves, year-round tourist attractions, and its status as a relatively low-cost place to do business. However, Montana is geographically distant to major markets, has below-average incomes, and the agricultural sector is vulnerable to harsh weather. The long-term outlook for Montana is that the economy will lag the U.S. due to overreliance on volatile natural resources. However in the short term job growth is expected to outperform the West and U.S., and tourism and construction will power faster near-term growth.

According to 2010 Census data, the Carter County AA population was 1,160, and has increased to 1,203 based on June 2017 estimates. The 2015 median family income is \$47,955. A breakdown of family income levels shows that approximately 27.24 percent of families are low-income, 20.52 percent are moderate-income, 17.41 percent are middle-income, and 34.83 percent are upper-income. Approximately 16.9 percent of all households have income levels that fall below the poverty level.

According to the Bureau of Labor Statistics, unemployment has declined over the evaluation period. The unemployment rate was 3.2 percent in 2015 and 2.9 percent for 2016. Statewide, the unemployment rate was higher at 4.1 percent in 2016 and dropped to 3.8 percent current year to date 2017. Top employers in Carter County include Carter County, SE Electric, Dahl Memorial Hospital, and the local school district. Carter County's economy is largely dependent on agriculture, services, and tourism.

Based on FDIC deposit market share data as of June 30, 2016, SNB maintained 100 percent of the deposit market share in Carter County, and deposits totaled \$30.57 million.

The following table provides a summary of demographic data for the Carter County AA.

Demographic Information for Full Scope Area: Carter County AA						
		Low	Moderate	Middle	Upper	NA*
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts/BNAs)	1	0.00	0.00	100.00	0.00	0.00
Population by Geography	1,160	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	435	0.00	0.00	100.00	0.00	0.00
Business by Geography	96	0.00	0.00	100.00	0.00	0.00
Farms by Geography	84	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	398	22.36	23.12	22.11	32.41	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	181	0.00	0.00	100.00	0.00	0.00
Median Family Income		54,061	Median Housing Value			66,200
FFIEC Adjusted Median Family Income for 2016		60,300	Unemployment Rate (2010 US Census)			0.26%
Households Below Poverty Level		17%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

## Scope of Evaluation in Montana

The Carter County AA was analyzed based on a full-scope review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MONTANA

In Montana, SNB's performance is rated "Outstanding" based on performance in the Carter County AA.

### LENDING TEST

The Bank's performance under the lending test in Montana is rated "Outstanding."

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

The penetration of SNB's loans to farms in the Carter County AA is excellent. The Bank's distribution of loans to farms with gross revenues of \$1 million or less meets the demographic comparator based on the number and dollar volume of loans. The following table details SNB's performance.

<b>Table 2A - Borrower Distribution of Loans to Farms in Carter County AA</b>				
Farm Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Farms	100%	0.00%	0.00%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Source: Loan Sample and Dun and Bradstreet Data; 2010 U.S. Census data.

### **Geographic Distribution of Loans**

Because there is only one middle-income census tract, geographic analysis for this AA is not meaningful.

### **Responses to Complaints**

SNB did not receive any CRA-related complaints in Montana during the evaluation period.

## State Rating

### State of Wyoming

**CRA rating for Wyoming: Satisfactory**

**The lending test is rated: Satisfactory**

The following major factors support the rating:

- The distribution of loans to farms with gross revenues less than or equal to \$1 million is reasonable.
- The geographic distribution of loans to farms is reasonable considering performance context factors. The relatively remote location of SNB hinders accessibility for a portion of the AA.
- SNB did not receive any CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Wyoming

SNB operates one branch located in Hulett, Wyoming, located in Crook County. Crook County is the northeastern most county in Wyoming in shares a border with Carter County, Montana, also an AA of the Bank. The Crook County AA is comprised of one moderate income census tract, and one middle income census tract designated as underserved due to the rural nature of the tract. The moderate income census tract is part of the Black Hills National Forest and is protected land, which comprises 50 percent or more of the tract. The AA meets regulatory requirements and does not arbitrarily exclude low or moderate-income (LMI) geographies.

Data compiled by Moody's Analytics indicates that Wyoming's economy is in a recession as of April 2017. Major economic drivers include agriculture, defense, and energy resources. The state benefits from low debt burden relative to the national average, abundant natural resources, and tourism in national parks such as Black Hills, Devils Tower, and Yellowstone. However, Wyoming has low industrial diversity, high unemployment, and a concentrations in volatile energy industries, as well as net negative migration, and below average educational attainment. The Wyoming economy has been severely affected by the downturn in the energy industry and only construction and mining support companies are adding workers. Oil and gas extraction companies are still cutting jobs. The long-term outlook for Wyoming is that the energy production will help the Wyoming economy keep pace with the U.S., but weak demographics limit upside potential. High energy prices are expected to boost fuel production but mining will be slow to return.

In conjunction with our evaluation, we contacted a community organization knowledgeable about local economic conditions. According to the contact, the agricultural community is still feeling residual effects to droughts in 2016 and cold weather in the spring of 2017. However, the land is rich with minerals and most farmers and ranchers supplement their income with energy production. Opportunities exist for financial institutions to participate in guaranteed loan

programs, but the contact stated that the local banks often participate in the FSA's programs, are very active in the area, and there does not appear to be any significant unmet financial needs in the agriculture sector.

According to 2010 Census data, the Crook County AA population was 7,083, and has increased to 7,248 based on June 2017 estimates. The 2015 median family income is \$67,040. A breakdown of family income levels shows that approximately 26.79 percent of families are low-income, 20.80 percent are moderate-income, 23.26 percent are middle-income, and 29.15 percent are upper-income. Approximately 8 percent of all households have income levels that fall below the poverty level.

According to the Bureau of Labor Statistics, unemployment has increased over the evaluation period. The unemployment rate was 3.5 percent in 2015 and 4.5 percent for 2016. Statewide, the unemployment rate was higher at 5.3 percent in 2016 and dropped to 4.4 percent current year to date 2017. Top employers in Crook County include Neiman Sawmill, Crook County School Districts, Wyoming State Highway Department, and Powder River Energy. Crook County's economy is largely dependent on agriculture, services, and tourism.

Based on FDIC deposit market share data as of June 30, 2016, three financial institutions have a presence in the AA, with three banking locations in Crook County. The report indicates that's SNB's deposits in the AA total \$22.6 million with 11.06 percent of the deposit market share. The two other competitors in the AA, Sundance State Bank, and Pinnacle Bank, have 77.31 percent and 11.63 percent of the deposit market share, respectively.

The following table provides a summary of demographic data for the Crook County AA.

Demographic Information for Full Scope Area: Crook County AA						
		Low	Moderate	Middle	Upper	NA*
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts/BNAs)	2	0.00	50.00	50.00	0.00	0.00
Population by Geography	7,083	0.00	36.74	63.26	0.00	0.00
Owner-Occupied Housing by Geography	2,090	0.00	39.71	60.29	0.00	0.00
Business by Geography	458	0.00	41.05	58.95	0.00	0.00
Farms by Geography	99	0.00	33.33	66.67	0.00	0.00
Family Distribution by Income Level	1,986	26.79	20.80	23.26	29.15	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	945	0.00	39.79	60.21	0.00	0.00
Median Family Income		67,040	Median Housing Value			151,315
FFIEC Adjusted Median Family Income for 2016		72,200	Unemployment Rate (2010 US Census)			0.75%
Households Below Poverty Level		8%				

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census and 2016 FFIEC updated MFI

## Scope of Evaluation in Wyoming

The Crook County AA was analyzed based on a full-scope review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WYOMING

In Wyoming, SNB's performance under the Lending Test is rated "Satisfactory." The Bank did not receive any CRA-related complaints during the evaluation period, and borrower distribution and geographic dispersion of loans within the AA is reasonable.

### LENDING TEST

The Bank's performance under the lending test in Wyoming is rated "Satisfactory."

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

The penetration of SNB's loans to farms of different sizes in the Crook County AA is reasonable. The Bank's distribution of loans to farms with gross revenues of \$1 million or less is near the demographic comparator ratio. The table below details SNB's performance within the AA.

Table 2A - Borrower Distribution of Loans to Farms in Crook County AA				
Farm Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Farms	98.99%	0.00%	1.01%	100.00%
% of Bank Loans in AA by #	90.48%	9.52%	0.00%	100.00%
% of Bank Loans in AA by \$	95.90%	4.10%	0.00%	100.00%

Source: Loan Sample and Dun and Bradstreet; 2010 U.S. Census data.

#### Geographic Distribution of Loans

The geographic distribution of loans to farms is reasonable when considering performance context factors. Lending in the moderate-income tract is significantly below the demographic comparator ratio, indicating very poor dispersion. However, the relatively remote location of the bank bears consideration, as it lies to the northwest of the Black Hills National Forest, and is more than 30 road-miles northwest of Interstate-90 (I-90). I-90 also intersects the moderate-income tract, making the southeastern portion of the tract less accessible. In addition, Sundance State Bank, the most significant competitor in the AA with a high deposit market share, is centrally located within the moderate-income tract, just off of I-90. In our conclusion, we also gave consideration to significant lending in the underserved middle-income tract where SNB is located.

Table 3A - Geographic Distribution of Loans to Farms in Crook County AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans	% of AA Farms	% of Number of Loans
% of Total	0.00%	0.00%	33.33%	0.00%	66.67%	100.00%	0.00%	0.00%

Source: Loan Sample and Dun and Bradstreet; 2010 U.S. Census data.

### Responses to Complaints

SNB did not receive any CRA-related complaints in Wyoming during the evaluation period.

## State Rating

### State of Idaho

#### CRA rating for Idaho: Outstanding

The lending test is rated: Outstanding

The following major factors support the rating:

- Lending activities represent excellent penetration among farms. All farms in the AA have gross revenues below \$1 million.
- SNB did not receive any CRA-related complaints during the evaluation period.

### Description of Institution's Operations in Idaho

SNB operates one branch located in Salmon, ID, located in Lemhi County. Lemhi County is in the central-eastern part of Idaho and is surrounded by three national forests (NF): Bitterroot NF, Beaverhead-Deerlodge NF, and the Salmon-Challis NF. The Lemhi County AA is comprised of three middle income census tracts, all of which are designated as underserved due to the rural nature of the tracts. The AA meets regulatory requirements and does not arbitrarily exclude low or moderate-income (LMI) geographies.

Data compiled by Moody's Analytics indicates that Idaho's economy is in a state of expansion as of April 2017. Major economic driver include, agriculture, and high tech industries. The state benefits from prominent drivers in high tech and agriculture. However, Idaho has an abundance of low-wage service jobs, stagnant wage growth, highly cyclical tech industries that contribute to above-average volatility, and below-average labor productivity and per capita income. The long-term outlook for Idaho is that strong population growth and favorable business climate will allow Idaho to outperform the United States. Construction and semiconductor manufacturing will help growth but agricultural pressures due to low commodity prices provide difficulties.

In conjunction with our evaluation, we contacted a community organization knowledgeable about local economic conditions. According to the contact, economic conditions are doing well as Idaho has a diverse workforce that can supplement downturns, which have been the case for mining and logging industries. Those communities more heavily dependent on those markets experience a higher unemployment rate. The largest opportunity for financial institutions is centered in products and services geared toward low and moderate-income (LMI) families, as these families typically have less access to those resources. However, the contact stated that their organization has had good experience partnering with the local financial institutions to help LMI families.

According to 2010 Census data, the Lemhi County AA's population was 7,936, and has decreased to 7,726 based on June 2017 estimates. The 2015 median family income is \$49,523. A breakdown of family income levels shows that approximately 22.30 percent of families are low-income, 16.87 percent are moderate-income, 23.58 percent are middle-

income, and 37.26 percent are upper-income. Approximately 17 percent of all households have income levels that fall below the poverty level.

According to the Bureau of Labor Statistics, unemployment has declined over the evaluation period. The unemployment rate was 7.1 percent in 2015 and 6.3 percent for 2016. Statewide, the unemployment rate was lower at 4.2 percent in 2015 and dropped to 3.8 percent in 2016 and 3.5 percent current year to date 2017. Top employers in Lemhi County include United States Forest Service, Bureau of Land Management, Fish & Wildlife, and the Steele Memorial Hospital. Carter County's economy is largely dependent on agriculture, government, mining and timber production, services, and tourism.

Based on FDIC deposit market share data as of June 30, 2016, four financial institutions have a presence in the AA, with four banking locations in Lemhi County. The report indicates that SNB's deposits in the AA total \$4.2 million with 4.57 percent of the deposit market share. The three other competitors are U.S. Bank with 44.70 percent, Wells Fargo Bank with 35.10 percent, and Washington Federal with 15.63 percent of the deposit market share.

The following table provides a summary of demographic data for the Lemhi County AA.

Demographic Information for Full Scope Area: Lemhi County AA						
		Low	Moderate	Middle	Upper	NA*
Demographic Characteristics	#	% of #	% of #	% of #	% of #	% of #
Geographies (Census Tracts/BNAs)	3	0.00	0.00	100.00	0.00	0.00
Population by Geography	7,936	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	2,580	0.00	0.00	100.00	0.00	0.00
Business by Geography	725	0.00	0.00	100.00	0.00	0.00
Farms by Geography	86	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	2,265	22.30	16.87	23.58	37.26	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	887	0.00	0.00	100.00	0.00	0.00
Median Family Income		49,523	Median Housing Value			180,911
FFIEC Adjusted Median Family Income for 2016		51,700	Unemployment Rate (2010 US Census)			4.60%
Households Below Poverty Level		17%				

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 US Census and 2016 FFIEC updated MFI

## Scope of Evaluation in Idaho

The Lemhi County AA was analyzed based on a full-scope review.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN IDAHO

In Idaho, SNB's performance under the Lending Test is rated "Outstanding." The Bank did not receive any CRA-related complaints during the evaluation period, and borrower distribution and geographic dispersion of loans within the sample meets the demographic comparators.

## LENDING TEST

The Bank's performance under the lending test in Idaho is rated "Outstanding."

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

SNB's penetration of loans to farms is excellent. The Bank's distribution of loans to farms with gross revenues of \$1 million or less meets the demographic comparator ratio. The following table details SNB's performance.

<b>Table 2A - Borrower Distribution of Farm Loans in Lemhi County AA</b>				
Farm Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Farms	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by #	100.00%	0.00%	0.00%	100.00%
% of Bank Loans in AA by \$	100.00%	0.00%	0.00%	100.00%

Source: Loan Sample and Dun and Bradstreet; 2010 U.S. Census data.

### Geographic Distribution of Loans

Because the AA has only middle-income tracts, geographic analysis is not meaningful. We did note that all tracts are designated as underserved given the rural nature of the AA.

### Responses to Complaints

The Bank did not receive any CRA-related complaints in Idaho during the evaluation period.

## Appendix A: Scope of Examination

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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 metropolitan and nonmetropolitan areas 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>	Lending Test: (01/01/2015 to 03/31/2017)	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Summit National Bank Hulett, Wyoming		Farm Loans
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>None</i>	N/A	N/A
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<u>Montana</u> Carter County AA	Full Scope	Carter County
<u>Wyoming</u> Crook County AA	Full Scope	Crook County
<u>Idaho</u> Lemhi County AA	Full Scope	Lemhi County

## Appendix B: Summary of State Ratings

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RATINGS for Summit National Bank	
<i>Overall Bank:</i>	<i>Lending Test Rating:</i>
Summit National Bank	Outstanding
<i>State Ratings:</i>	
Montana	Outstanding
Wyoming	Satisfactory
Idaho	Outstanding