



Comptroller of the Currency
Administrator of National Banks

SMALL BANK

PUBLIC DISCLOSURE

August 16, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Rawlins National Bank
Charter Number 5413**

**220 Fifth Street
Rawlins, Wyoming 82301**

**Office of the Comptroller of the Currency
Salt Lake City Field Office
2855 Cottonwood Parkway, Suite 370
Salt Lake City, Utah 84121**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of the **Rawlins National Bank**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of June 30, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

We assign this rating based on the following factors:

- C The bank’s lending patterns reflect good distribution among businesses of different sizes and individuals of different income levels. The bank actively participates in state and federal affordable home loan programs.
- C A majority of loans are made in the bank’s assessment area.
- C The bank’s loan-to-deposit ratio is reasonable.

DESCRIPTION OF INSTITUTION

Rawlins National Bank (RNB) is a full service community bank located in Rawlins, Wyoming. Branch offices are located in Hannah and Saratoga. On June 30, 1998, the bank had total assets of \$98 million. The bank is 100 percent owned by Carbon County Corporation, a one-bank holding company based in Rawlins. The bank operates ATMs at the Rawlins office, the Saratoga office, and the City Market grocery store in Rawlins. The two ATMs at the bank offices accept deposits, while the City Market ATM only dispenses cash.

The bank specializes in providing financing for small businesses, small farms, and home mortgage lending. On June 30, 1998, commercial loans comprised 41 percent of outstanding loans, residential real estate loans 32 percent, consumer loans 19 percent, and agricultural loans 7 percent. In addition, net loans represented 46 percent of total assets. The bank's loan portfolio continues to grow steadily. Net loans increased 26 percent from June 30, 1996, to June 30, 1998.

The bank received an "Outstanding" rating in the previous CRA Performance Evaluation dated September 20, 1996. There are no financial or legal impediments which limit the bank's ability to help meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The bank has designated Carbon County as its assessment area. The county is comprised of eight block numbering areas (BNA). Seven BNA's are designated middle-income and one is upper-income. The designation is based on the 1990 median family income for residents in each BNA. The 1998 updated median family income is \$41,900. This is a statewide average computed by the U.S. government, Department of Housing and Urban Development, for Wyoming. It excludes the metropolitan areas of Casper and Cheyenne.

<i>Family income levels of Carbon County, Wyoming</i>		
<i>Classification and income range</i>	<i>Number</i>	<i>Percent</i>
<i>Low-income (Less than \$)</i>	<i>790</i>	<i>18.0</i>
<i>Moderate-income (Over \$ but less than \$)</i>	<i>803</i>	<i>18.3</i>
<i>Middle-income (Over \$but less than \$)</i>	<i>1,072</i>	<i>24.5</i>
<i>Upper-income (Over \$)</i>	<i>1,720</i>	<i>39.2</i>
<i>Total</i>	<i>4,385</i>	<i>100.0</i>

RNB faces strong competition from other financial institutions. Besides RNB, one other independent bank and one branch of a regional bank are located in Rawlins. No other banks are located in Hanna, and one branch office of a regional bank is located in Saratoga. Bank management reports additional competition from area credit unions, out of area finance companies, and investment brokerages. The assessment area meets the legal requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

Major employers by industry sector are wholesale trade, government, services, transportation and utilities. Agriculture does not directly employ a large number of people in the assessment area. However, this sector indirectly provides substantial support to the local economy through related service businesses.

We contacted the Carbon County Community Development Office to discuss local housing needs. This agency provided us with the Revised 1998 Rawlins Housing Assessment. The assessment concludes that affordable housing is a primary credit need due to expansion of the state prison facility. This information is consistent with community contacts made during previous examinations.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable. The average quarterly ratio since the prior examination (11 quarters) is 63 percent. The ratio for the quarter ending March 31, 1999, was 69 percent. For comparison purposes, we reviewed the LTD ratios of thirteen similarly situated community banks. These banks are located in Wyoming, are similar in asset size, and offer traditional community banking services. The peer banks had a comparative average 11 quarter LTD ratio of 53 percent. The March 31, 1999 average LTD was 56 percent, with a range from 34 to 72 percent.

Lending in Assessment Area

The bank makes a majority of its loans in the assessment area. A review of 61 randomly sampled loans revealed that 69 percent were made in the assessment area. Our sample included 21 home mortgage loans with 100 percent originated in the assessment area. The remaining loans sampled were commercial and agricultural loans. All sampled loans originated since the last CRA examination.

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

The bank's loan portfolio reflects excellent distribution among individuals of various income levels and businesses of different sizes. The bank specializes in lending to small farms, small businesses, and providing home loan financing. We reviewed a sample of business loans to determine the amount of credit extended to small farms and small businesses. As shown in the table below, a substantial majority of loans originated in the last 3 years were to small farms and small businesses. During 1998, four Small Business Administration loans originated in Carbon County. RNB made one of the loans. Similarly, RNB originated four of the seven Farm Services Agency guaranteed loans originated in the county in 1998.

Business Loan Sample Analysis

<i>Commercial/Agricultural/Real Estate Loans</i>		
<i>Borrowers with:</i>	<i>Number</i>	<i>Percent</i>
<i>Revenues less than or equal to \$1 MM:</i>	<i>34</i>	<i>83</i>
<i>Revenues more than \$1 MM:</i>	<i>7</i>	<i>17</i>
<i>Sample size</i>	<i>41</i>	<i>100</i>

The bank has a good record of lending to low- and moderate-income people. The table below shows that the income characteristics of home loan borrowers are similar to assessment area demographics. RNB also provided short term financing for a real estate developer to buy land for low-income housing. RNB continues to participate in state government guarantee home loan programs. The programs focus on enhancing credit availability to first time home buyers and also low- and moderate- income borrowers. Dollar volume for government guarantee home loans originated during the most recent 12 month calendar year ending December 31, 1998 totaled \$3MM, and consisted of 50 individual loans.

Residential Real Estate

<i>Home loans by income level of borrower</i>

	<i>Loan Sample Number/ Percent</i>	<i>Assessment Area Demographics</i>
<i>Income Category:</i>		
<i>Low income:</i>	2 (10%)	18%
<i>Moderate income:</i>	4 (19%)	18%
<i>Middle income:</i>	6 (29%)	24%
<i>Upper income:</i>	9 (43%)	39%
<i>Total:</i>	21	100%

Geographic Distribution of Loans

An analysis was not conducted because the assessment area does not contain any low- or moderate-income tracts.

Record of Complaints and Compliance with Anti-discrimination Laws

There were no complaints about the bank's CRA performance from the public since the last CRA examination.

We found no violations of the substantive provisions of anti-discrimination laws and regulations. We reviewed the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act.