



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 4, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Rawlins National Bank

Charter Number 5413

220 Fifth Street
Rawlins, WY 82301

Office of the Comptroller of the Currency

Salt Lake City Field Office
2795 East Cottonwood Parkway, Suite 390
Salt Lake City, UT 84121

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated satisfactory.

The major factors supporting the institution's rating are as follows:

- Rawlins National Bank's (RNB) average loan-to-deposit ratio is more than reasonable.
- A substantial majority of loans originated during the review period were from within RNB's assessment area (AA).
- The bank's record of lending to businesses and farms of different sizes reflects reasonable penetration in the bank's AA.
- RNB has not received any CRA-related consumer complaints since the last CRA examination.

SCOPE OF EXAMINATION

The evaluation period for this examination is March 8, 2004 to January 4, 2010. We used small bank procedures to evaluate the bank's performance under the Community Reinvestment Act (CRA) in its AAs. The bank's primary lending products are business loans and small farm loans. By dollar amount, these two products account for 79 percent of the bank's loans originated and purchased between January 1, 2007 and December 31, 2009. To assess the bank's lending performance, we reviewed a sample of 20 business loans and 20 farm loans in the Carbon County AA. Our samples represented loan originations between January 1, 2007 and December 31, 2009.

RNB opened an office in Longmont, Colorado in June of 2008. This office is located in Boulder County and serves the census tract (CT) where Longmont is located. Boulder County is located in a Metropolitan Statistical Area (MSA). This location was open for only a small portion of the assessment period, and there was insufficient loan volume to provide a minimum loan sample in any loan category. Therefore, we did not evaluate lending performance in the Boulder AA because lending volume would not be representative of the bank's lending performance during the assessment period. Our conclusions are based on lending performance in the Carbon County AA only.

DESCRIPTION OF INSTITUTION

RNB is a community bank operating in rural, south-central Wyoming. The bank is wholly-owned by Carbon County Holding Company (CCHC). Other CCHC affiliates include Allen Insurance and Freedom Funds Management Company. RNB has two locations in Rawlins, Wyoming; one in Hanna, Wyoming; one in Saratoga, Wyoming; and one in Longmont, Colorado. The bank owns six automated teller machines (ATMs). Five of the ATMs are located in the Carbon County AA and one ATM is located in the Boulder County AA.

As of September 30, 2009, RNB reported \$152 million in total assets, \$104 million in net loans, and \$132 million in total deposits. According to the June 30, 2009 FDIC Summary of Deposits Market Share Report, RNB ranked first out of four institutions in Carbon County with 45 percent of deposits. The bank provides traditional banking products and services to meet its AA's needs. RNB's primary lending products during the evaluation period are business loans and small farm loans.

The following table shows the breakdown of loans originated and purchased between January 1, 2007 and December 31, 2009.

Table 1 - Loan Originations and Purchases by Loan Product				
Loan Type	% by Number of Loans Originated/Purchased during evaluation period		% by Dollars of Loans Originated/Purchased during evaluation period	
	# Loans	%	\$ Amount (000s)	%
Business Loans	181	21	31,223	47
Ag Loans	96	11	21,082	32
Home Loans	67	8	8,176	13
Consumer Loans	526	60	5,417	8
Total	870	100	65,898	100

Source: Bank Reports.

RNB's last Performance Evaluation (PE) was dated March 8, 2004, and the overall rating was satisfactory. The Longmont branch was the only branch opened or closed since the last PE. There are no financial or legal impediments that prevent RNB from meeting the credit needs of its AA.

DESCRIPTION OF ASSESSMENT AREA

The Carbon County AA includes all of Carbon County. This designation consists of whole and contiguous geographies and meets the requirements of the regulation. The AA does not arbitrarily exclude any low- or moderate-income (LMI) areas. The AA consists of five middle-income CTs. The AA has no LMI CTs. According to the 2000 U. S. Census, the population of Carbon County is 15,639. Approximately 20 percent of AA families are low-income, 22 percent are moderate-income, 24 percent are middle-income, and 34 percent are upper-income. The weighted average updated median family income is \$42,152. The unemployment rate for 2009 was 2.6 percent. Primary industries include agriculture, mining, government services, and the Wyoming State Penitentiary. The local economy also benefits from the natural gas development in the area. Throughout 2008, the Rawlins market thrived due to activities associated with coal, gas, and oil production. However, these activities decreased significantly during 2009.

In conducting the assessment of this bank's performance, we contacted a local community development agency during the evaluation. The community contact did not

identify any specific credit needs. The contact stated that local banks are actively involved in the community and are responsive to credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's performance is satisfactory. Our conclusions in this section are based on lending activity in the Carbon County AA since the previous CRA examination dated March 8, 2004. We used loan and income data from loan files and AA demographic data from the 2000 U. S. Census. We selected samples from the business and agricultural loan portfolios to evaluate the bank's lending performance in the AA.

Loan-to-Deposit Ratio

RNB's lending level is more than reasonable given the financial institution's size, financial condition, and the AA's credit needs. RNB's average quarterly loan-to-deposit ratio for all quarters since the prior CRA public evaluation is 79 percent. The bank's loan-to-deposit ratio compares favorably with four similarly situated banks operating in Wyoming. These banks had loan-to-deposit ratios during the same time period averaging 71 percent. The similarly situated banks' average loan-to-deposit ratios range of from 46 percent to 83 percent.

Lending in Assessment Area

A substantial majority of RNB's loans were originated within the bank's AA, exceeding the standard for satisfactory performance. Based on our samples of 21 farm loans and 23 business loans, RNB originated 91 percent of its loans by number and 82 percent by dollar amount within the Carbon County AA.

Table 2 - Lending in Carbon County										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Farm Loans	20	95.24%	1	4.76%	21	\$3,339	86.98%	\$500	13.02%	\$3,839
Business Loans	20	86.96%	3	13.04%	23	\$897	68.72%	\$408	31.28%	\$1,305
Totals	40	90.91%	4	9.09%	44	\$4,236	82.35%	\$908	17.65%	\$5,144

Source: Sample of loans used for CRA performance analysis.

Lending to Businesses and to Farms of Different Sizes

RNB’s borrower distribution meets the standard for satisfactory performance. The bank’s record of lending reflects reasonable penetration to businesses and farms of different sizes.

The distribution by number of loans originated to businesses with revenues less than \$1 million compares favorably to area demographic data. However, the distribution is slightly lower than area demographic data when comparing the distribution of loans by dollar amount. The percentage of businesses within the AA that generate revenues less than \$1 million is 63 percent based on independent data provided by Dunn and Bradstreet. RNB originated 90 percent by number and 54 percent by dollar amount of commercial loans to businesses with revenues less than \$1 million. As noted in the description of the AA, the local economy is heavily dependent on mining, and oil and gas production, as well as the companies that support these industries. The loan sample included companies whose revenues are generated by these industries. The level of gross revenues generated by these businesses went up substantially as the price for energy-related commodities increased. In addition, revenues are unknown for 35 percent of the businesses in the AA, which reduces the reliability of analysis.

The following table shows the distribution of business loans among businesses of different sizes in this AA.

Table 3 - Borrower Distribution of Loans to Businesses in Carbon County				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	62.58%	2.30%	35.12%	100.00%
Number (#) of loans	18	2	0	20
% of Bank Loans in AA by #	90.00%	10.00%	0.00%	100.00%
\$ of loans	\$488,462	\$408,000	\$0	\$896,462
% of Bank Loans in AA by \$	54.49%	45.51%	0.00%	100.00%

Source: AA data from 2000 U.S. Census data. Bank data from sample of business loans originated January 1, 2007 to December 31, 2009.

The distribution of loans to farms of different sizes is excellent. The level of farm loans originated to farms with less than \$1 million in revenues exceeded the percentage of farms in the AA with revenues less than \$1 million. The percentage of RNB’s loans to farms with revenues of \$1 million or less is 100 percent by number and by dollar amount, which exceeds the demographic comparator of 97 percent.

Table 4 - Borrower Distribution of Loans to Farms in Carbon County				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total

% of AA Farms	97.00%	0.00%	3.00%	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: AA data from 2007 Dunn and Bradstreet. Bank data from farm loan sample of loans originated January 1, 2007 to December 31, 2009.

Geographic Distribution of Loans

RNB's AA contains insufficient diversity to make a geographic distribution analysis meaningful. The AA of Carbon County consists of five middle-income CTs. There are no LMI CTs in the AA.

Responses to Complaints

RNB has not received any CRA-related consumer complaints since the last CRA examination.

Fair Lending or Other Illegal Credit Practices Review

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