



PUBLIC DISCLOSURE

December 2, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Rawlins National Bank
Charter Number 5413

220 5th Street
Rawlins, WY 82301

Office of the Comptroller of the Currency

1225 17th Street
Suite 450
Denver, CO 80202-5534

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:

- The institution's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and the assessment area's (AA) credit needs.
- A substantial majority of loans originated or purchased during the review period were made within the institution's AAs.
- The institution's record of lending to businesses of different sizes reflects reasonable penetration in both of the institution's AAs.
- The Rawlins National Bank has not received any CRA-related consumer complaints since the last CRA examination.

Scope of Examination

We evaluated The Rawlins National Bank's (RNB) Community Reinvestment Act (CRA) performance using small bank examination procedures. The evaluation focused on the institution's lending performance in meeting the credit needs of the assessment areas (AA). Specifically, we analyzed primary loan products to determine the amount of lending in the AA, the distribution of lending among businesses of different sizes and borrowers of different income levels, and the distribution of lending throughout the AA.

The evaluation period for this examination was January 1, 2012 through December 2, 2014. We determined the institution's primary lending product is business lending. By dollar volume, business loans accounted for 47 percent of the originated and purchased lending between January 1, 2012 and December 2, 2014. To assess the institution's lending performance, we reviewed a sample of 48 business loans and expanded our sample as necessary.

Description of Institution

RNB is a community bank operating in rural, south-central Wyoming and the Longmont, Colorado area. 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 branch locations in Rawlins, Wyoming; one in Hanna, Wyoming, one in Saratoga, Wyoming; and one in Longmont, Colorado. The bank also recently opened a loan production office in Lakewood, Colorado. The Longmont, Colorado branch was opened just prior to the previous CRA examination but was not included in that assessment as there was not enough loan volume to consider. We included loan activity from this location in this examination.

As of September 30, 2014, RNB's loan portfolio totaled \$67MM or 42 percent of total assets. The institution provides traditional banking products and services to meet the needs of its communities. RNB's primary lending products during the evaluation period

were business loans. By dollar volume, business loans accounted for 47 percent of the originated and purchased lending between January 1, 2012 and December 2, 2014. Table 1 below shows the breakdown of loans originated and purchased between January 1, 2012 and December 2, 2014.

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	168	40%	\$41,862	47%
Ag Loans	42	10%	\$13,411	32%
Home Loans	12	3%	\$2,144	13%
Consumer Loans	200	47%	\$2,531	8%
Total	422	100%	\$59,948	100%

Source: Loan origination reports

There are no legal, financial, or other factors impeding RNB's ability to help meet the credit needs in its AA. RNB received a "Satisfactory" CRA rating at its prior CRA examination dated January 4, 2010.

Description of Assessment Area

RNB has two AAs including the Carbon County AA and the Longmont AA.

Carbon County AA

The Carbon County AA includes all of Carbon County, Wyoming. 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 four middle-income census tracts (CT) and one moderate-income CT. The AA has no LMI CTs.

According to the 2010 U.S. Census data, the population of Carbon County is 15,885. There are no low- or upper-income families in the AA. Approximately 11 percent of families are moderate-income and 89 percent are middle-income. The weighted average median family income is \$67,040. The 2010 unemployment rate was 2.39 percent.

Longmont AA

The Longmont, Colorado branch was opened in June 2008. The town of Longmont lies on the county line between Boulder County and Weld County in Colorado. Therefore, the AA splits the two Metropolitan Statistical Areas of Boulder County and Weld County. The Longmont AA consists of 20 CTs in Boulder County and 15 CTs in Weld County that surround the branch location. The AA does not arbitrarily exclude any low- or moderate-income (LMI) areas. The 20 Boulder County CTs consist of three LMI CTs, 10 middle-income CTs, six moderate-income CTs, and one upper-income CT. The 15

Weld County CTs consist of five middle-income CTs, one moderate-income CT, and nine upper-income CTs. The Weld County CTs do not include any LMI CTs.

According to the 2010 U.S. Census data, the population of these 35 CTs in Boulder and Weld counties is 142,147. Approximately 8 percent of families in the AA are low-income, 22 percent are moderate-income, 50 percent are middle-income, and 20 percent are upper-income. The median family income is \$75,718. The 2010 unemployment rate was 3.21 percent.

In conducting the assessment of this bank's performance, we contacted a local community development agency located in Carbon County 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 institution's overall performance is satisfactory and reasonable. Our conclusions are based on business lending activity in the Carbon County and Longmont AAs since the previous CRA examination. We used loan and income data from loan files and AA demographic data from the 2010 U.S. Census. We selected samples from RNB's business loan portfolio to evaluate the institution's lending performance in both AAs.

Loan-to-Deposit Ratio

RNB's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and AA credit needs. RNB's quarterly average loan-to-deposit ratio since the prior CRA examination is 50.76 percent. The average loan-to-deposit ratio for similarly situated banks for the same time period is 56.74 percent. The average loan-to-deposit ratios for the similarly situated banks range from 40.59 percent to 73.78 percent. RNB's loan-to-deposit ratio is slightly below similarly situated banks; however, this is largely attributed to a lack of loan demand. RNB's loan-to-deposit ratio is well above Bank of Commerce, the only other similarly situated bank in Rawlins.

Lending in Assessment Area

RNB's lending in the AAs is reasonable and meets the standard for satisfactory performance. A majority of the institution's loans were made inside its AAs. To assess performance for these criteria, we reviewed 41 business loans originated between 2012 and 2014. About 85 percent of the number of loans and 88 percent of the dollar amount of loans were originated within the AAs. The results are illustrated in Table 2.

Table 2 – Lending in AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	17	85%	3	15%	20	\$3,505	88%	\$485	12%	\$3,990

Source: Loan Sample

Upon further sampling and analysis, lending inside the Carbon County AA is excellent at 100 percent. All of the sampled 20 loans were made inside the AA.

Table 3 – Lending in Carbon County AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	20	100%	0	0%	20	\$2,712	100%	\$0	0%	\$2,712

Source: Loan Sample

Lending inside the Longmont AA is satisfactory, with 62 percent by number of loans being made in the AA and 69 percent by dollar volume.

Table 4 – Lending in Longmont AA										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	13	62%	8	38%	21	\$2,264	69%	\$1,030	31%	\$3,294

Source: Loan Sample

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

Carbon County AA

The borrower distribution of the Carbon County AA is reasonable and meets the standard for satisfactory performance.

Based on demographic data for the Carbon County AA, 70 percent of the businesses have gross revenues of less than \$1MM, 4 percent have gross revenues of greater than \$1MM. The gross revenues of the remaining 26 percent are unknown. Of the 20 sampled loans in this AA, 80 percent were made to businesses with gross revenues of

less than \$1MM and 20 percent were made to businesses with gross revenues of greater than \$1MM. None of our sampled loans lacked income data. Based on dollar volume, 38 percent of the lending went to businesses with gross revenues of less than \$1MM and 62 percent of the lending went to businesses with gross revenues of greater than \$1MM.

Table 5 – Borrower Distribution of Loans to Businesses in Carbon County AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	70%	4%	26%	100.00%
Number (#) of loans	16	4	0	20
% of Bank Loans in AA by #	80%	20%	0.00%	100.00%
\$ of loans	\$1,042,281	\$1,670,085	\$0	\$2,712,366
% of Bank Loans in AA by \$	38%	62%	0.00%	100.00%

Source: 2010 U.S. Census data; Loan Sample

Based on the number of loans, the Carbon County AA borrower distribution is a satisfactory representation of the actual demographic in this AA. The majority of the businesses have gross revenues of less than \$1MM, and the majority of the 20 sampled loans went to those businesses. The borrower distribution by dollar volume is higher for the businesses with gross revenues of greater than \$1MM. However, this is due to larger loan amounts needed for the higher revenue generating businesses.

Longmont AA

The borrower distribution of the Longmont AA is reasonable and meets the standard for satisfactory performance.

Based on demographic data for the Longmont AA, 74 percent of the businesses have gross revenues of less than \$1MM, 3 percent have gross revenues of greater than \$1MM, with the remaining 23 percent being unknown. Of the 20 sampled loans in this AA, 80 percent were made to businesses with gross revenues of less than \$1MM and 20 percent were made to businesses with gross revenues of greater than \$1MM. None of our sampled loans lacked income data. Based on dollar volume, 68 percent of the lending went to businesses with gross revenues of less than \$1MM and 32 percent of the lending went to businesses with gross revenues of greater than \$1MM. Please refer to Table 6 for more details.

Table 6 – Borrower Distribution of Loans to Businesses in Longmont AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Unavailable	Total
% of AA Businesses	74%	3%	23%	100.00%
Number (#) of loans	16	4	0	20
% of Bank Loans in AA by #	80%	20%	0.00%	100.00%
\$ of loans	\$2,040,763	\$971,922	\$0	\$3,012,685
% of Bank Loans in AA by \$	68%	32%	0.00%	100.00%

Source: 2010 U.S. Census data; Loan Sample

Based on the number of loans, the Longmont AA borrower distribution is a satisfactory representation of the actual demographic in this AA. The majority of the businesses have gross revenues of less than \$1MM, and the majority of the 20 sampled loans went to those businesses. In addition, the borrower distribution by dollar volume follows the same trend. The majority of the lending in the AA went to the majority group of businesses with gross revenues of less than \$1MM.

Geographic Distribution of Loans

Carbon County AA

The geographic distribution of the Carbon County AA is reasonable and meets the standard for satisfactory performance.

Based on demographic data for the Carbon County AA, 92 percent of the businesses are located in the four middle-income CTs. The remaining 8 percent of businesses are located in the single moderate-income CT. Of our 20 sampled loans in this AA, 100 percent of the loans were made to businesses in middle-income-level CTs.

Table 7 – Geographic Distribution of Loans to Businesses in Carbon County AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0%	0%	8%	0%	92%	100%	0%	0%

Source: 2010 U.S. Census data; Loan Sample

The Carbon County AA geographic distribution is a good representation of the business demographic in the area. The majority of the businesses are located in middle-income CTs, and all of the lending in our sample went to businesses in those areas.

Longmont AA

The geographic distribution of the Longmont AA is reasonable and meets the standard for satisfactory performance.

Based on demographic data for the Longmont AA, 8 percent of the businesses are located in the low-income CTs, 28 percent of the businesses are located in the moderate-income CTs, 41 percent of the businesses are located in the middle-income CTs, and 23 percent of the businesses are located in the upper-income CTs. Of our 20 sampled loans in this AA, none of the loans were made to businesses in low-income CTs, 35 percent of the loans were made to businesses in moderate-income CTs, 30 percent of the loans were made to businesses in middle-income CTs, and 35 percent of the loans were made to businesses in upper-income CTs. Please refer to Table 8.

Table 8 – Geographic Distribution of Loans to Businesses in Longmont AA								
CT Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	8%	0%	28%	35%	41%	30%	23%	35%

Source: 2010 U.S. Census data; Loan Sample

The Longmont AA geographic distribution is a good representation of the business demographic in the area. The majority of the businesses are located in the moderate-, middle-, and upper-income CTs. Corresponding with that, the majority of the loans in our sample were made to businesses in those CTs.

Responses to Complaints

There were no complaints relating to RNB’s CRA performance in the public file nor were there any complaints received by the supervisory agency relating to RNB’s CRA performance. RNB has systems in place to ensure that complaints, if they should receive any, will be addressed in a timely manner.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), in determining a national bank’s CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices, in any geography by the bank or in any AA by an affiliate whose loans have been considered part of the bank’s lending performance.

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