



PUBLIC DISCLOSURE

November 01, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of Commerce
RSSD# 547550**

**221 Third Street
Rawlins, Wyoming 82301**

**Federal Reserve Bank of Kansas City
1 Memorial Drive
Kansas City, Missouri 64198**

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 COMMUNITY REINVESTMENT ACT RATING

Bank of Commerce (the bank) is rated Satisfactory. This rating is based on the following conclusions with respect to the performance criteria:

- The bank's net loan-to-deposit ratio (NLTD) is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs.
- A majority of the bank's loans are originated inside the AA.
- A reasonable dispersion of loans occurs throughout the bank's AA.
- Lending reflects a reasonable penetration among individuals of different income levels, including low- and moderate-income, and businesses of different sizes.
- Neither the bank nor the Federal Reserve Bank of Kansas City received any Community Reinvestment Act (CRA)-related complaints since the previous evaluation.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's Carbon County AA. The following data was reviewed:

- The bank's 19-quarter average NLTD ratio,
- A statistical sample of 84 small business loans from a universe of 144 loans, and 40 home mortgage loans from a universe of 50 loans, all originated between January 1, 2020 and December 31, 2020.

Greater weight was placed on small business loan performance in this analysis given the bank's strategic focus and significant representation of commercial loans in the bank's loan portfolio.

DESCRIPTION OF INSTITUTION

The bank is a community bank headquartered in Rawlins, Wyoming. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Rawlins Bankshares, Inc.
- As of June 30th, 2021, the bank has total assets of \$167.3 million (MM).
- The bank operates from one office located in Rawlins, Wyoming, with an on-site full-service automated teller machine.
- The bank's primary business focus is commercial and home mortgage lending.

Table 2

Population Change			
Area	2010 Population	2015 Population	Percent Change
Carbon County, WY	15,885	15,739	(0.9)
NonMSA Wyoming	396,438	404,237	2.0
Wyoming	563,626	579,679	2.8

*Source: 2010 U.S. Census Bureau Decennial Census
2011-2015 U.S. Census Bureau: American Community Survey*

- According to population estimates from the U.S. Census Bureau, the AA's population continued to decline between 2016 and 2019.
- The city of Rawlins, Wyoming is the largest population center in the AA. According to 2019 U.S. Census Bureau data, Rawlins has a population of 8,510 which accounts for over half of the AA's total population.

Table 3

Median Family Income Change			
Area	2010 Median Family Income	2015 Median Family Income	Percent Change
Carbon County, WY	70,968	70,641	(0.5)
NonMSA Wyoming	73,003	72,833	(0.2)
Wyoming	71,832	73,194	1.9

*Source: 2006-2010 U.S. Census Bureau: American Community Survey
2011-2015 U.S. Census Bureau: American Community Survey*
Note: Median family incomes have been inflation-adjusted and are expressed in 2015 dollars.

- According to the 2015 American Community Survey, the AA's percentage of families living below the poverty line, at 12.7 percent, is higher than the figures for both statewide nonmetropolitan areas and the state of Wyoming at 7.9 percent and 8.0 percent, respectively.
- The highest paying industries in the AA include manufacturing, utilities, mining, and oil and gas extraction.
- A community member stated that the AA is currently experiencing an influx of retirees.

Table 6

Comparative NLTD Ratios			
Institution	Location	Asset Size (\$000s)	NLTD Ratio (%)
			19-Quarter Average
Bank of Commerce	Rawlins, Wyoming	167,345	61.1
RNB State Bank	Rawlins, Wyoming	243,162	60.9
Central Bank and Trust	Lander, Wyoming	203,087	67.5
Western States Bank	Laramie, Wyoming	532,263	81.4

Assessment Area Concentration

This performance criterion evaluates the percentage of lending extended inside and outside of the AA. A majority of the bank's loans, by number and dollar, are originated inside the AA.

Table 7

Lending Inside and Outside the AA								
Loan Type	Inside				Outside			
	#	\$(000)	#%	\$%	#	\$(000)	#%	\$%
Residential Loans	30	3,663	75.0	74.0	10	1,289	25.0	26.0
Small Business Loans	73	4,118	86.9	76.6	11	1,258	13.1	23.4
Total Loans	103	7,781	83.1	75.3	21	2,547	16.9	24.7

Note: Percentages may not add to 100.0 percent due to rounding.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AA by income level of census tracts. The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the AA.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. The bank's lending in the AA's moderate-income census tract is below the percentage of owner-occupied units located in that census tract. The moderate-income tract's relatively low population and number of owner-occupied units indicate limited opportunities to lend. Additionally, the bank is located approximately 45 miles from the moderate-income census tract's closest city of Hanna, Wyoming. No significant gaps in loan dispersion were identified.

Home Mortgage Lending

The borrower distribution of home mortgage lending is reasonable. The bank's lending to low-income borrowers is comparable to the percentage of low-income families residing in the AA. The bank's lending to moderate-income borrowers is above the percentage of moderate-income families residing in the AA.

Table 10

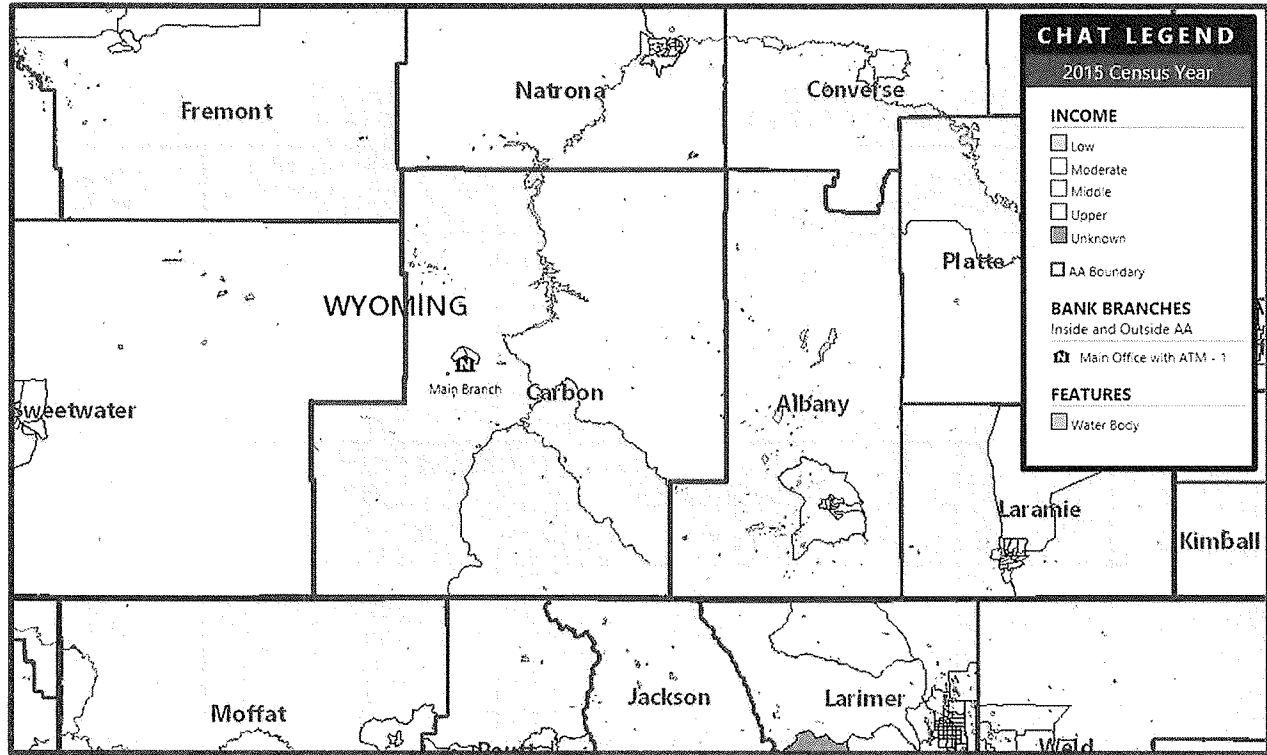
Distribution of 2020 Home Mortgage Lending by Borrower Income Level Assessment Area: Carbon County AA					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	\$(000)	#%	\$%	
Low	6	409	20.0	11.2	26.6
Moderate	7	546	23.3	14.9	14.0
Middle	6	1,102	20.0	30.1	23.0
Upper	11	1,605	36.7	43.8	36.5
Unknown	0	0	0.0	0.0	0.0

Source: 2020 FFIEC Census Data
2011 – 2015 U.S. Census Bureau: American Community Survey
NOTE: Percentages may not add up to 100.0 due to rounding.

Small Business Lending

The borrower distribution of small business lending is reasonable. The bank's lending to businesses with gross annual revenues of \$1MM or less is below the percentage of small businesses operating within the AA. A review of lending by loan size shows that 84.9 percent of the bank's loans were originated in loan amounts of \$100,000 or less, demonstrating the bank's willingness to support smaller credit needs which typically align with the credit needs of smaller businesses. Twenty-five loans contained in the sample were made to businesses with unknown revenues. Examiners confirmed these loans were made under the Paycheck Protection Program which does not require revenue information. Twenty-four of the twenty-five loans were in amounts of less than \$100,000, with an average loan amount of approximately \$22,500, further illustrating the bank's responsiveness to small credit needs of AA businesses.

APPENDIX A – MAP OF THE ASSESSMENT AREA



APPENDIX C – GLOSSARY

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 metropolitan area/assessment area.

Census tract: 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 statistical 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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 nonrelatives 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 is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.