



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

February 23, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank, N. A.
Charter Number 20184**

**2711 East Texas Street
Bossier City, LA 71111**

**Comptroller of the Currency
Longview Field Office
1800 West Loop 281 Suite 306
Longview, TX 75604**

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.

Citizens National Bank, N.A., Bossier City, has a satisfactory record of meeting community credit needs. This rating is based on the following:

- The bank's loan-to-deposit ratio is satisfactory based on its size and complexity.
- A majority of the bank's loans are extended within its assessment area.
- Credit activity is reasonably distributed to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION

Citizens National Bank, N.A. (CNB) is a \$198 million bank, which is wholly owned by Citizens National Bancshares of Bossier, Inc. The bank is located at 2711 East Texas Street, Bossier City, Louisiana. In addition to the main office, the bank has four full service branches with locations in Bossier City, Shreveport, and Monroe, Louisiana. As of December 31, 2003, loans totaled \$116 million and represented 59% of the bank's total assets. The following chart reflects the distribution of the bank's loan portfolio.

Loan Category	\$ (000)	%
Commercial Real Estate Loans	64,532	55.54
Commercial Loans	12,086	10.40
Residential Real Estate Loans	29,208	25.14
Consumer Loans	10,360	8.92
Total	116,186	100.00%

There are no legal impediments or other factors, which inhibit the bank's ability to meet the credit needs of the community. The bank was rated satisfactory during the prior CRA Examination dated October 18, 1999.

DESCRIPTION OF ASSESSMENT AREA

The Board has designated two assessment areas for CRA purposes. The assessment areas include the locations in which the bank has offices, and consist of specific census tracts in the adjacent parishes of Bossier and Caddo, as one assessment area, and all census tracts in Ouachita Parish, as the second assessment area. These areas are located in the Shreveport Metropolitan Statistical Areas (MSA) and Monroe MSA respectively. The Shreveport MSA assessment area

was selected for a full scope review due to the location of the bank’s headquarters and three of its branch offices. As such, the largest percentage of the bank’s deposits and reported loans are located in this area. These assessment areas meet the requirements of the Community Reinvestment Act and do not arbitrarily exclude low and moderate-income geographies.

Shreveport MSA

The bank has designated 56 census tracts that are part of the adjacent parishes of Bossier and Caddo, in the Shreveport MSA, to serve as the bank’s primary assessment area for all the bank’s branches, with the exception of the Monroe branch. The assessment area includes 6 low-income tracts, 11 moderate-income tracts, 20 middle-income tracts, and 19 upper-income tracts. The following table provides a description of the bank’s assessment area based on 1990 census data and 2002 Department of Housing and Urban Development (HUD) information.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF AA	
<i>Population</i>	
Number of Families	69,527
Number of Households	96,785
<i>Geographies</i>	
Number of Census Tracts/BNA	56
% Low-Income Census Tracts/BNA	10.71%
% Moderate-Income Census Tracts/BNA	19.64%
% Middle-Income Census Tracts/BNA	35.72%
% Upper-Income Census Tracts/BNA	33.93%
<i>Median Family Income (MFI)</i>	
1990 MFI for AA	\$27,402
2002 HUD-Adjusted MFI	\$40,100
<i>Economic Indicators</i>	
Unemployment Rate	4%
2002 Median Housing Value	\$60,738
% of Households Below Poverty Level	17%

These counties have a total population of 259,185. The distribution of families by income level, regardless of census tract location, consists of the following: 20.14% are low income, 14.86% are moderate income, 20.02% are middle-income, and 44.98% are upper-income. Major employers in the area include the Barksdale Air Force Base, General Motors Corporation, area gaming casinos and hotels, and area medical facilities. Competition in the area is considered strong with numerous local banks, branches of other banks, and credit unions in this area. The local economy is considered stable with an unemployment rate of 4%.

Contacts with local business organizations in Bossier City revealed the primary community credit needs for the assessment area are residential mortgages and commercial loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The loan-to-deposit ratio of CNB is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank's quarterly average loan-to-deposit ratio was 73.66% since the prior CRA examination in October of 1999. The average loan-to-deposit ratio of banks within the assessment area, regardless of size, for the same time period, was 59.19%.

Institution	Assets (\$000s) (As of 12/31/03)	Average LTD Ratio
Citizens National Bank, Bossier City	198,000	73.66
First Louisiana Bank, Shreveport	90,000	88.97
First National Bank, Benton	62,000	39.81
Citizens Bank & Trust, Vivian	74,000	72.30
Tri-State Bank & Trust, Haughton	46,000	21.23

Lending in Assessment Area

A majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 253 residential purchase loans and 43 commercial loans, which originated since October 1999. The breakdown by loan category is illustrated in the following table:

TOTAL LOANS REVIEWED								
	IN ASSESSMENT AREA				OUT OF ASSESSMENT AREA			
LOAN TYPE	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential	171	67.59	15,350	71.22	82	32.41	6,202	28.78
Commercial	40	93.02	2,859	94.64	3	6.98	162	5.36
Total Reviewed	211	71.28	18,209	74.10	85	28.72	6,364	25.90

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

The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. The distribution of home purchase loans generally approximates the income characteristics of the assessment area. While home purchase loans to low-income families are at a low level compared to the demographics of the assessment area, home purchase loans exceed the percentage of moderate-income families. Borrowing for home purchases by low-income individuals is limited as approximately 17% of the households in this assessment area are below poverty level. In addition, affordable housing stock is limited in the assessment area.

RESIDENTIAL REAL ESTATE								
Borrower Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Families	20.14		14.86		20.02		44.98	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	2.42	0.47	19.35	9.88	14.15	9.49	63.71	80.16

The distribution of business loans reflects a reasonable penetration among businesses of different sizes. Based on U.S. Census information, there are 15,531 businesses in the assessment area; however, revenue information was not reported for approximately 23% of the businesses. As a result, the percentage of businesses by income level may not accurately reflect a true percentage of the businesses in each income category. Our sample of commercial loans inside the assessment area revealed a substantial majority of the bank's commercial loans were to businesses with revenues less than one million.

BORROWER DISTRIBUTION OF SMALL LOANS TO BUSINESSES		
Business Revenues	≤\$1,000,000	>\$1,000,000
% of AA Businesses	71.57	5.20
% of Bank Loans in AA #	72.50	27.50
% of Bank Loans in AA \$	64.07	35.93

Geographic Distribution of Loans

The distribution of loans reflects a reasonable penetration throughout the assessment area. The distribution of home purchase loans generally approximates the percentage of owner occupied houses located in the various tract categories. While home purchase loans to low and moderate-income families are at a low level compared to the demographics of the assessment area, housing stock in these areas is also limited. Furthermore, the bank's market share of loans in these areas exceeds its overall market share.

RESIDENTIAL REAL ESTATE								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Owner Occupied	4.9		12.6		41.0		41.4	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	0.60	1.0	3.2	1.1	33.8	17.3	62.3	80.5

The geographic distribution of business loans is also reasonable based on the bank's locations and the demographics of each area.

BUSINESS LOANS								
Census Tract Income Level	LOW		MODERATE		MIDDLE		UPPER	
% of AA Businesses	7.1		16.0		41.8		35.1	
LOANS BY YEAR	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount	% of Number	% of Amount
	7.5	12.0	7.5	5.4	42.5	15.9	42.5	66.7

Responses to Complaints

Management has not received any written complaints related to CRA performance since the prior CRA examination dated October 18, 1999.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.