



SMALL BANK

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

PUBLIC DISCLOSURE

September 20, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Citizens National Bank of Wisner
Charter Number 6866**

**921 Avenue E
Wisner, NE 68791**

**Office of the Comptroller of the Currency
Sioux Falls Field Office
4900 South Minnesota Avenue, Suite 300
Sioux Falls, South Dakota 57108**

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

The institution is rated “Satisfactory.”

- The bank’s quarterly average net loan-to-deposit ratio of 99 percent is excellent and reflective of the bank’s willingness to lend.
- A majority of the bank’s loans by number (78 percent) and by dollar volume (84 percent) are located within the assessment area.
- Borrower distribution is reasonable for loans to farms of different sizes and good for borrowers of different income levels.

SCOPE OF EXAMINATION

This CRA examination covers loans originated from January 1, 2005 through June 30, 2007. Based on origination volume, we determined that the bank’s primary products are agricultural and consumer loans. We sampled 20 agricultural loans and 20 consumer loans for our analysis. The table below shows loan types by originated number of loans and dollars:

	% of originated # of loans	% of originated dollars
Agricultural Loans	56.10%	80.24%
Consumer Loans	27.58%	3.06%
Commercial Loans	12.70%	14.19%
Residential RE Loans	3.22%	2.36%
Other Loans	0.40%	0.15%

DESCRIPTION OF INSTITUTION

Citizens National Bank (CNB) is a \$107 million bank located in northwest Cuming County in northeastern Nebraska. The bank’s main location is in Wisner, Nebraska and there are four additional branches located in Leigh, Belden, Creston and Laurel (all in Nebraska). The bank also owns automated teller machines (ATMs) located in Wisner, Leigh and Laurel (2). One of the ATMs in Laurel accepts deposits.

Citizens National Corporation owns 100 percent of CNB. The \$179 million holding company is headquartered in Wisner. In 2005, the holding company owned four banks located in Wisner, Belden, Leigh (in Nebraska), and Arlington, Kansas. The three Nebraska banks merged into one charter in August 2006, which is now CNB. The holding company continues to own 100 percent of Citizens National Bank in Arlington, Kansas and 31 percent of Republic Corporation in Omaha, Nebraska. Republic Corporation owns 100 percent of Republic Bank located in Omaha. In May 2007, the holding company purchased 100 percent of Spalding City Corporation in Omaha. Spalding City Corporation owns 100 percent of Spalding City Bank and Spalding City Agency, both located in Spalding, Nebraska.

According to the June 30, 2007 call report, the bank had the following outstanding loans by dollar volume: agricultural (69 percent), commercial (18 percent), residential real estate (8 percent), and consumer (5 percent). These loan amounts are reflective of the bank's overall business strategy. Net loans represented 89 percent of total assets as of June 30, 2007.

CNB received a "Satisfactory" rating at its January 14, 2002 CRA examination. There are no legal or financial impediments limiting the bank's ability to help meet community credit needs.

DESCRIPTION OF ASSESSMENT AREA

CNB's assessment area (AA) consists of census tracts 9826 and 9827 in Cuming County, 9786 in Wayne County, 9821 in Stanton County, 9846 and 9847 in Colfax County, 9851 in Platte County, and 9772 in Cedar County. The AA includes contiguous portions of these six counties. The AA does not have any low- or moderate-income census tracts and it meets the requirements of CRA.

According to the 2000 U.S. Census, the population of the AA is 24,545. The 2000 U.S. Census and the 2006 Department of Housing and Urban Development (HUD) updated estimated median family incomes (MFI) for the AA are \$41,596 and \$51,400, respectively. All eight census tracts are middle-income. Family incomes in the AA are 17 percent low-income, 22 percent moderate-income, 29 percent middle-income, and 32 percent upper-income.

Economic conditions in the AA are generally good. Major sources of employment in Wisner include general agriculture, cattle feeding, and hog feeding. Other employment sources in the AA include manufacturing and trade retail. According to the U.S. Bureau of Labor Statistics, unemployment levels in the AA are below the national average of 4.7 percent and the state of Nebraska average of 3.4 percent for June 2007. The six county AA average unemployment rate was 2.9 percent for June 2007.

Competition from other financial institutions is strong. Including CNB, there are 36 financial institutions serving the bank's AA. The bank ranks 15th among these banks with a deposit market share of 2.30 percent.

We did not identify any unmet credit needs in CNB's assessment area. We contacted a city representative. AA credit needs are typical of those in most small cities and rural communities and include agricultural, small business, and affordable housing. CNB offers and originates these types of loans.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

CNB's average net loan-to-deposit ratio is more than reasonable, given the bank's size, financial condition, and AA credit needs. The bank's quarterly net loan-to-deposit ratio averaged 99 percent for the 23 quarters from December 31, 2001 through June 30, 2007. The net loan-to-deposit ratio trend is stable and ranged from 92.6 percent to 106 percent over these 23 quarters.

The bank's net loan-to-deposit ratio exceeds those of other community banks of similar size (total assets over \$75 million and less than \$175 million) in the AA. CNB ranked first among a total of 10 similarly situated banks serving the AA. The other nine banks had quarterly average net loan-to-deposit ratios averaging 82.74 percent and ranging from 72.57 percent to 91.76 percent over the 23 quarters.

Lending in Assessment Area

CNB originates a majority of its loans to borrowers located within its defined AA. The bank made about 78 percent by number and 84 percent by dollar volume of its loans to borrowers located within the bank's AA. The following table shows the findings of our sample:

ASSESSMENT AREA CONCENTRATION				
	# of Loans	% of total #	\$ of Loans	% of total \$
Inside AA	31	78%	\$3,566,071	84%
Outside AA	9	22%	\$694,949	16%
Totals	40	100%	\$4,261,020	100%

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

Overall, borrower distribution is reasonable for loans to small farms and good for consumer loans. Distribution of loans to farms of different sizes in the AA approximates community demographics. Ninety percent of the bank's lending was to farms with gross annual revenues of less than \$1 million compared to 94 percent of such farms in the AA. The table below shows the number, dollar volume, and corresponding percentages of the agricultural loan sample.

LOANS TO FARMS OF DIFFERENT SIZES					
Gross Revenue of Farms	# of loans	% of total #	\$ of loans	% of total \$	% of Farms in AA
\$0 - \$100,000	6	90%	\$153,678	41%	94%
\$100,001 - \$250,000	3		\$138,000		
\$250,001 - \$500,000	7		\$1,034,438		
\$500,001 - \$1,000,000	2		\$252,021		
Over \$1,000,000	2	10%	\$2,250,000	59%	5%
Revenue unavailable	0	0%	\$0	0%	1%
Totals	20	100%	\$3,828,137	100%	100%

CNB has a good record of lending to borrowers of different income levels. CNB significantly exceeds community demographics with 45 percent of its consumer loans to low-income borrowers and exceeds community demographics with 30 percent of its consumer loans to moderate-income borrowers. The table below shows our sample results for loans to individuals as compared to the demographics of the AA.

LOANS TO INDIVIDUALS OF DIFFERENT INCOME LEVELS					
Income Level	# of loans	% of total #	\$ of loans	% of total \$	% of Households in the AA
Low	9	45%	\$62,769	39%	21%
Moderate	6	30%	\$47,408	30%	17%
Middle	3	15%	\$7,800	5%	24%
Upper	2	10%	\$41,700	26%	38%
Totals	20	100%	\$159,677	100%	100%

Geographic Distribution of Loans

All census tracts in the AA are middle-income. Therefore, specific analysis of geographic distribution is not meaningful.

Responses to Complaints

The bank has not received any complaints regarding its CRA performance since the last CRA examination dated January 14, 2002.

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.