



PUBLIC DISCLOSURE

June 18, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Springfield
Charter Number #21857
1465 E. Sunshine
Springfield, Missouri 65804**

**Comptroller of the Currency
Kansas City South Field Office
1710 East 32nd Street, Suite H
Jopin, MO 64804**

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Citizens National Bank of Springfield prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 18, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

INSTITUTION'S CRA RATING: This institution is rated “**Satisfactory.**”

Citizen’s National Bank is helping to meet the credit needs of its assessment area.

- o The bank’s loans are reasonably distributed to borrowers of various income levels. Comparisons shows representative loan originations in its assessment area to low- and moderate-income borrowers as well as to small businesses.
- o The bank’s geographic distribution of credit within the assessment area is reasonable. The bank originates loans in its assessment area within the existing population and economic demographics. The bank’s lending in moderate-income tracts is reasonable.
- o The bank’s loan-to-deposit ratio is reasonable based on its competitive environment and opportunities for loan growth within the assessment area. The average loan-to-deposit ratio since the last CRA examination (December 1995) is 81.36%.
- o The bank has a good record of lending within its assessment area. Approximately 88% of the total loans reviewed were dispersed to borrowers located within the bank’s assessment area.

DESCRIPTION OF INSTITUTION

Citizens National Bank of Springfield is a \$112 million bank located in Springfield, Missouri. The bank has one branch location and offers drive up facilities and automated teller machines (ATMs) at each location. The bank offers a full range of traditional personal and commercial banking services. Residential real estate and commercial/industrial loans are the primary focus of the bank's loan portfolio. By dollar volume, 1-4 family residential real estate loans comprise 17% of the bank's loan portfolio. Commercial real estate loans, including construction/development financing, and other business loans comprise 61.69% of the portfolio. There are no legal or financial impediments limiting the bank's ability to help meet the credit needs of the community.

Citizens National Bank is 100% owned by Citizens National Bancorp, Inc., a one bank holding company. The holding company is closely held with 11 of the 13 shareholders acting as directors or advisory directors for the bank. These 11 shareholders control 91% of the outstanding holding company shares.

Citizens National Bank was rated "Satisfactory record of meeting community credit needs" at its last CRA examination in December 1995.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) consists of the Springfield Metropolitan Statistical Area (MSA) 7920. This MSA contains Christian, Greene and Webster counties. It includes 2 low-income, 20 moderate-income, 34 middle-income, and 10 upper-income census tracts. The main bank and branch bank are located within the assessment area. Several other banks and branch banks provide competition within the AA.

The population of the AA is 264,346 persons. Low-income families represent 18% of the AA population with the remainder as follows: 19% moderate-income, 24% middle-income, and 38% upper income families. The estimated 1998 median family income for the MSA is \$41,600. The local economy is well diversified. Manufacturing, service, retail, wholesale, transportation, utilities, finance, real estate, education, health care, and construction are all important elements of the economy. Unemployment is low at approximately 3% for the 4th quarter of 1997.

Examiners from banking regulatory agencies spoke with five community contacts located within MSA 7920 during the last year. The contacts did not indicate there were any unmet credit needs in this community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

Management has responded favorably to the credit needs of its assessment area by originating loans to low- and moderate-income borrowers as well as to small businesses. Examiners used the HMDA reports to analyze the income levels for all HMDA reportable originations for 1996, 1997, and 1st quarter 1998. The following tables summarize the bank’s activity for each of the three periods. The tables break down originations by dollar amount of the loans originated to each income designation, as well as the number of loans made to each group. This is compared to the number of families designated low-, moderate-, middle- or upper-income within the assessment area.

1996 HMDA Originations					
Income Designation for Borrower	Percent of AA population	Originations by \$	Dollars as a percent of total	Originations by #	Number of loans as percent of total
Low-income	18.46%	\$137,000	2.73%	5	6.49%
Moderate-income	18.66%	\$796,000	15.87%	21	27.27%
Middle-income	24.41%	\$795,000	15.85%	15	19.48%
Upper-income	38.47%	\$3,288,000	65.55%	36	46.75%
Total	100.00%	\$5,016,000	100.00%	77	100.00%

1997 HMDA Originations					
Income Designation for Borrower	Percent of AA population	Originations by \$	Dollars as a percent of total	Originations by #	Number of loans as percent of total
Low-income	18.46%	\$130,000	3.97%	4	6.35%
Moderate-income	18.66%	\$313,000	9.55%	9	14.29%
Middle-income	24.41%	\$727,000	22.18%	19	30.16%
Upper-income	38.47%	\$2,108,000	64.31%	31	49.21%
Total	100.00%	\$3,278,000	100.00%	63	100.00%

1st Quarter 1998 HMDA Originations					
Income Designation for Borrower	Percent of AA population	Originations by \$	Dollars as a percent of total	Originations by #	Number of loans as percent of total
Low-income	18.46%	\$92,000	4.77%	2	7.41%
Moderate-income	18.66%	\$186,000	9.65%	4	14.81%
Middle-income	24.41%	\$415,000	21.54%	7	25.93%
Upper-income	38.47%	\$1,234,000	64.04%	14	51.85%
Total	100.00%	\$1,927,000	100.00%	27	100.00%

We sampled commercial/industrial loan originations for the same time period. Examiners reviewed 44 borrower relationships which represented 155 loan originations (23% of total originations by number) totaling \$18,846,699 (29% of total originations by dollar amount). Of the relationships reviewed, only 41 had usable income information. The following table shows 85% of the commercial/industrial originations were to borrowers with revenues less than \$1 million.

Commercial/Industrial Loan Originations		
Borrowers w/revenues < \$1MM	35	85.37%
Borrowers w/revenues > \$1MM	6	14.63%
Totals	41	100.00%

In addition to the above analysis, examiners also analyzed the loan amounts. We were able to review *all* originations for commercial/industrial loans since our last examination. The following table uses loan size as a proxy to determine lending to small businesses. The table shows that 71% of the bank's business loans are under \$100M.

Commercial/Industrial Loan Originations Analysis of Loan Size (ALL Originations)		
Loans < \$100M	481	71.36%
Loans \$100M- \$250M	130	19.29%
Loans \$250M - \$500M	42	6.23%
Loans > \$500M	21	3.12%
Totals	674	100.00%

Distribution of Credit Within The Assessment Area by Geography

The bank's geographic distribution of credit within the assessment area is reasonable. We used the HMDA loan originations to assess performance with this category. Specific census tract location was not available for the commercial loan sample. The bank originated no loans in the two low-income census tracts. This is not unreasonable as less than 1% of the MSA population lives in this area and 85% of those households are non-owner occupied. The bank's lending in moderate-income tracts is reasonable. The following table further illustrates our findings:

HMDA Origination Distribution by Census Tract (CT)			
Census Tract Designation	% of total CT's	Number of Originations	% of total originations
Low-income CT	3.03%	0	0.00%
Moderate-income CT	30.30%	31	18.56%
Middle-income CT	51.52%	94	56.29%
Upper-income CT	15.15%	42	25.15%
Totals	66	167	100.00%

Loan-to-Deposit Analysis

The bank's loan-to-deposit ratio is reasonable based on its competitive environment and opportunities for loan growth within the assessment area. The average loan-to-deposit ratio since the last CRA examination is 81.36%. The bank's loan to deposit ratio has ranged from 75.09% in third quarter 1996 to a high of 87.54% in the 4th quarter of 1997. This compares favorably with other local institutions which the bank considers its primary competitors. Citizens ranks third of seven local banks. The competing banks' loan-to-deposit ratios range from 18.30% to 94.38%, with an average of 68%. Three of the seven local competitors are relatively new banks.

Comparison of Credit Extended Inside and Outside of the Assessment Area

The bank's record of lending within the assessment area is good. A majority of all loans made at this bank are located within the assessment area. We reviewed two types of loans to determine the location and pattern of loans originated in the assessment area: residential real estate and commercial/industrial. These loans comprise 79% of the portfolio by dollar volume. We used the banks 1996, 1997, and 1st quarter 1998 Home Mortgage Disclosure Act (HMDA) reports to analyze residential real estate loans originated since the last CRA assessment. Examiners verified limited information on the HMDA reports for accuracy. We also sampled commercial/industrial loan originations since the last examination. Our commercial loan sample represented 23% of all originations by number and 29% of originations by dollar

volume.

The following charts summarize our findings for these samples.

HMDA Originations from January 1996 to 1Q98		
In the assessment area	154	88.00%
Out of the assessment area	21	12.00%
Total	175	100.00%

Commercial/Industrial Loan Originations January 1996 to 1Q98		
In the assessment area	38	86.36%
Out of the assessment area	6	13.64%
Total	44	100.00%

Compliance with Antidiscrimination Laws and Regulations

Citizens National Bank is in compliance with the applicable antidiscrimination laws and regulations. We found no violations of the fair lending laws at this examination.