

INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

October 1, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens National Bank of Springfield
Charter Number: 21857

1465 E. Sunshine
Springfield, Missouri 65808

Office of the Comptroller of the Currency

KANSAS CITY SOUTH FIELD OFFICE
1710 East 32nd Street, Suite H
Joplin, Missouri 64804-4100

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 Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors supporting this rating for Citizens National Bank of Springfield are:

- Lending to borrowers of different incomes is adequate and to businesses of different sizes is satisfactory.
- The geographic distribution of both business and consumer loans reflect penetration throughout the assessment area and meet the demographic data in low- and moderate-income tracts.
- A significant majority of the bank's lending activity is within its assessment area.
- The bank's loan-to-deposit ratio is more than reasonable considering the level of competition in its assessment area.
- The bank's level of qualified investments and community development activity is outstanding. Community development activities primarily help to address employment and business growth in targeted areas.

SCOPE OF EXAMINATION

Our objectives were to assess the bank's ability to serve and meet the community's needs within their assessment area (AA). The bank is located within the Springfield Metropolitan Statistical Area (MSA) and remains intrastate with no branches located outside of Missouri. We used loan originations and community development activities ranging from April 1, 2003 to June 30, 2007 in our evaluation. We identified the bank's primary products as consumer by the number of loans originated, and commercial real estate by dollar amount of loans originated. We reviewed a random sample of 60 consumer and 20 commercial loans in the April 2003 to June 2007 timeframe.

DESCRIPTION OF INSTITUTION

Citizens National Bank of Springfield (Citizens NB) is a \$317.6 million dollar institution located in Springfield, Missouri. Citizens NB has five physical locations within the AA. The bank offers residential, commercial, consumer, and agriculture loans, along with a variety of deposit products.

Citizens National Bancorp, a \$330 million one-bank holding company also located in Springfield, Missouri, owns 100 percent of the bank. As of June 30, 2007, the bank's loan portfolio consisted of 58 percent commercial real estate, 19 percent residential real estate, 14 percent commercial, 3 percent consumer, and 6 percent agricultural by dollar amount. Overall, net loans represent 79 percent of total assets.

There are no legal, financial, or other constraints that impede the bank's ability to help meet the credit needs of its assessment area. The bank received a "Satisfactory" rating at its last CRA evaluation in March 2003.

DESCRIPTION OF ASSESSMENT AREA(S)

The Springfield MSA has a population over 398,000 people and includes the five counties of Greene, Christian, Webster, Polk, and Dallas. Located in southwest Missouri, Springfield boasts a revitalized downtown, a major state university with enrollment of about 20,000, as well as a number of smaller, private institutions. While health care is the largest economic driver, the overall economy is very diverse. Springfield is the retail and entertainment hub for a region of nearly one million people. Springfield is a growing mid-sized city, with an annual growth rate of 2.2 percent. Recent projections show the population could increase to 22 percent by 2025, much faster than the 9.2 percent state projected growth. Also, the cost of living remains 8-10 percent below the national average.

The Missouri Department of Economic Development designated 68 square miles in Springfield and surrounding counties as an Enhanced Enterprise Zone (EEZ). The city and its economic development partners identified a need to create and retain jobs in the surrounding counties as their primary objective and pursued the creation of the EEZ. Since this area has a higher than average unemployment rate, a chief purpose of the zone is to stimulate business investments and promote the creation of jobs.

The EEZ contains a Partnership Industrial Center, which is located in both the Northeast and Northwest sectors of Springfield. The EEZ plan resulted in 21 companies, 2.2 million square feet of construction, and 2,397 jobs.

Citizens NB faces increasing competition from other financial institutions within the AA. Forty-two institutions are located within the Springfield MSA, with deposits ranging from \$272 thousand to \$1.5 billion. Since the last CRA examination, the bank opened a branch located in Ozark, Missouri. In addition, the bank operates a branch within the EEZ, which is located in a moderate-income census tract.

During the evaluation period, we made one community contact with a representative from a local business. According to the contact, the general economy within the area continues to grow at a steady and healthy rate. The ability to maintain diverse industries within the area has enabled the economy to weather economic downturns. The contact stated the EEZ has enabled financial institutions to support ongoing community development by providing funding for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

The bank’s performance under the lending test is rated “Satisfactory”.

Loan-to-Deposit Ratio

The bank’s loan-to-deposit (LTD) ratio reflects good responsiveness towards meeting the credit needs of the community. The bank’s quarterly average LTD ratio since the last CRA evaluation is 97.55 percent. The average LTD ratio for banks similarly situated in the AA ranged from 74.20 percent and 110.02 percent.

Lending in Assessment Area

The bank’s record for lending to borrowers within its AA is satisfactory, as the majority of loans the bank originated were in the AA. For loans in the evaluation period, management originated 84 percent by number and 87 percent by dollar within its AA.

Lending in the Springfield MSA								
	Number of Loans				Dollars of Loans			
	Inside		Outside		Inside		Outside	
	#	%	#	%	\$	%	\$	%
Totals	42	84%	8	16%	\$10,277,970	87%	\$1,569,843	13%

Source: Loan sample and bank generated reports.

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

The bank displayed satisfactory performance in meeting the credit needs for consumers and small businesses by lending to borrowers of different incomes and businesses of different sizes.

The bank’s lending performance for consumer credits was good to meet the community’s needs. The number of households below poverty level mitigates the lower percentage of consumer lending to low-income borrowers. The AA has 18,228 households below the poverty level, which represents 12.53 percent of total households.

The following table illustrates the bank’s distribution of consumer lending based on the income level of the borrower.

Borrower Distribution of Consumer Loans in the Springfield MSA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	21.87%	14.75%	17.44%	16.39%	20.36%	31.15%	40.33%	37.70%

Citizens NB is very responsive to the commercial credit needs of the community and its

lending exceeds demographic data for small businesses in the AA. The following table summarizes the bank’s commercial loan performance as compared to businesses in the AA.

Borrower Distribution of Loans to Businesses in the Springfield MSA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	60.48%	39.52%	-----	100%
% of Bank Loans in AA by #	85%	15%	-----	100%
% of Bank Loans in AA by \$	38.95%	61.05%	-----	100%

Geographic Distribution of Loans

The geographic distribution of credit within the AA is satisfactory. The bank’s loan originations penetrate all parts of the AA. The bank’s geographic distribution does not arbitrarily exclude any low- or moderate-income census tracts.

The bank's level of lending reasonably meets the community's needs. Lending opportunities to households located in the low-income census tract is minimal, but only one percent of all households are located within the low-income census tract. Lending within the moderate-income census tract is mitigated as 6,230, or 34.19 percent, of the 18,228 households below poverty level were located in the moderate-income tract.

The following table illustrates the bank’s geographic distribution of consumer loans compared to the AA demographic data.

Geographic Distribution of Consumer Loans in the Springfield MSA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Household s	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.1%	0%	20%	10.2%	55.7%	64.4%	23.1%	25.4%

The geographic distribution of commercial real estate loans within the AA is excellent. The bank’s lending activity to businesses located within the moderate-income tract is strong. There were no loans in our sample to businesses in the low-income census tract. However, the number of opportunities is limited since 2.76 percent of businesses are in the low-income census tract.

The following table illustrates the bank’s geographic distribution of commercial loans compared to the AA demographic data.

Geographic Distribution of Loans to Businesses in the Springfield MSA								
Census Tract 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
Commercial	2.76%	0%	18.03%	35%	54.96%	50%	24.25%	15%

Community Development Test

Citizens NB’s community development performance is excellent. Bank management has responded to the needs of the community through community development loans, services, and investments.

Community Development Loans

Citizens NB’s origination of community development loans is excellent. The bank originated three community development loans totaling \$6,812,500 within its AA. The three loans helped promote economic development by financing small businesses within the EEZ. Two loans financed the construction of commercial buildings, which created an additional five jobs. The other loan was to purchase commercial real estate in the EEZ, which created an additional 40 jobs.

Qualified Investments

Citizens NB’s commitment to investing in the community is adequate. The bank has four qualifying investments totaling \$13,915. The bank has invested \$2,500 to Habitat for Humanity, which is devoted to building simple and affordable housing. The Springfield Business & Development Corporation and Springfield Finance & Development Corporation (SFDC), which specialize in furnishing small business loans and/or equity for projects that would not otherwise qualify for conventional financing, received a total of \$10,915 in donations. In addition, the bank donated \$500 to the Kitchen Foundation, Inc., which is a large provider of services for homeless children and families in Southwest Missouri. Services range from providing medical assistance, providing needy families with food and shelter, assisting with individuals obtaining GEDs, and additional volunteer services.

Community Development Services

Citizens NB satisfactorily provides a variety of services in the community. We credited the bank for service with the SFDC, established in 1997 as a for-profit community development corporation.

Local financial institutions provided the initial funding for the SFDC. Citizens NB is a stockholder, and members of the bank's senior management serve as Board members. The SFDC's goal is to assist in the revitalization of Springfield's center city by providing creative financing to stimulate business growth. It specializes in furnishing small business loans and/or equity for projects that would not otherwise qualify for conventional financing. SFDC has funded 29 loans totaling \$1,637,409, which created 204 jobs.

Responses to Complaints

Citizens NB did not receive any written complaints regarding its CRA performance during the evaluation period.

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.