



**SMALL BANK**

---

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

---

## **PUBLIC DISCLOSURE**

**November 20, 2006**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Citizens Bank, National Association  
Charter Number 3175**

**200 South Main Street  
Fort Scott, Kansas 66701**

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

**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.**

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 the 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 Bank, National Association** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. § 25.

### **Citizens Bank, National Association's (CBNA) CRA rating is Satisfactory.**

We based the bank's CRA rating on the following primary factors:

- CBNA's loan-to-deposit (LTD) ratio reflects satisfactory responsiveness to the credit needs of the bank's assessment areas (AAs).
- A substantial majority of the bank's lending activity is within its AAs.
- CBNA's level of lending to businesses of different sizes and to borrowers of different income levels is satisfactory.
- CBNA's geographic distribution of consumer installment and residential real estate loans reflects reasonable penetration throughout AA #1 and #2. The bank's geographic distribution of credit in AA #3 is considered reasonable given the limited number of moderate-income census tracts (2 of 107 tracts), the percentage of businesses located in moderate-income tracts (2.6 percent), and the fact that none of the bank's branches are located in moderate-income tracts. There are no low-income census tracts in any of the three AAs.

## **DESCRIPTION OF INSTITUTION**

CBNA, a \$254MM institution located in Fort Scott, Kansas, is owned 100% by First Capital Corporation, a two bank holding company. The bank is headquartered in Fort Scott, Kansas and operates ten branch offices in six counties in Kansas. CBNA offers a variety of loan products including consumer, commercial, and agricultural loans, as well as residential, commercial, and farm land real estate loans. The bank has three assessment areas. Consumer installment, residential real estate, commercial industrial, and commercial real estate loans are the primary components of the bank's portfolio.

CBNA received a "Satisfactory" CRA rating at the last examination dated April 8, 2002. There are no legal or financial factors that impede the bank's ability to help meet the credit needs of its AAs.

## **DESCRIPTION OF CBNA's Assessment Areas (AA)**

The bank has three AAs consisting of six counties located in eastern Kansas: Allen, Anderson, Bourbon, Crawford, Linn, and Johnson Counties. The AAs include only whole geographies where its branches and ATMs are located and where a substantial portion of the bank's loans are originated or purchased. The AAs consist of whole census tracts, do not reveal discrimination, and do not arbitrarily exclude any low- or moderate-income areas. The AAs are appropriate for the bank and comply with applicable criteria. Two community contacts were performed indicating banks within CBNA's AAs are meeting the credit needs of their community. There are 29 financial institutions in the AAs with \$1.3 billion in deposits as of June 30, 2006.

**AA #1** is comprised of the 23 census tracts in the four contiguous counties of Allen, Anderson, Bourbon, and Crawford counties in Kansas. AA #1 consists of 3 moderate-income, 19 middle-income, and 1 upper-income tracts and is not in an MSA.

**AA #2** is comprised of the two census tracts in Linn County, Kansas. AA #2 consists of one moderate- and one middle-income census tract and is part of the Kansas City MSA.

The primary products for AA #1 and AA #2 were identified as consumer installment and residential real estate loans.

**AA #3** is comprised of the 107 census tracts in Johnson County, Kansas. AA #3 consists of 2 moderate-income, 41 middle-income, and 64 upper-income tracts and is part of the Kansas City MSA. The primary products for AA #3 were identified as commercial industrial and commercial real estate loans.

Each county in the AAs consists of at least one branch location that can reasonably serve the needs of the community. Conclusions are based on a sample of the primary product types originated from January 2004 through October 2006.

## **CONCLUSIONS ABOUT PERFORMANCE CRITERIA**

CBNA's lending performance is satisfactory.

We used a combination of bank and examiner generated loan and demographic reports to evaluate the bank's performance. Primary loan types by number consist of consumer installment loans in AA #1 and AA #2, and commercial industrial loans in AA #3. Primary loan types by dollar consist of residential real estate loans in AA #1 and AA #2, and commercial real estate loans in AA #3. This is consistent with the bank's business strategy of commercial, individual, and real estate lending. We selected six other banks in the AAs for comparison of lending volume based on their relative asset size and having a branch location in one of the contiguous counties of Allen, Anderson, Bourbon or Crawford and a northeast Kansas MSA (Topeka, Lawrence, or Kansas City).

## Loan-to-Deposit (LTD) Ratio

CBNA's average LTD ratio since the last examination is reasonable. The bank's average quarterly LTD ratio reflects good responsiveness to the credit needs of its AAs. The quarterly LTD ratio for the last nineteen quarters has averaged 88 percent and is currently 95 percent. This is the third highest average LTD ratio for the seven similarly situated institutions in its AAs and compares favorably to the average LTD of 84 percent for these banks.

## Lending in Assessment Area

CBNA's record of lending within its AAs is satisfactory. The bank originates a majority of its loans in its AA. For consumer, residential real estate, commercial industrial, and commercial real estate loans sampled, the bank originated 74 percent by number and 71 percent by dollar amount within its AAs.

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

CBNA's lending to borrowers of different income levels and businesses of different sizes is satisfactory based on our sample of at least 20 loans for each primary product type.

The distribution of loans to borrowers of different income levels based on our sample of consumer installment and residential real estate loans is reasonable for AA #1 and AA #2. The distribution of loans to businesses of different sizes based on our sample of commercial industrial and commercial real estate loans is satisfactory for AA #3. The following tables provide a summary of the distribution of loans within the AAs.

### BOROWERS OF DIFFERENT INCOMES & BUSINESS OF DIFFERENT SIZES

Borrower Distribution of Lending in AA#1 and #2								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Residential Real Estate #1	20%	9%*	21%	<b>22%</b>	25%	27%	34%	36%
Residential Real Estate #2	26%	10%*	26%	24%	27%	14%	20%	43%
	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans	% of AA Household	% of Number of Loans
Consumer Installment #1	27%	<b>35%</b>	18%	<b>30%</b>	19%	15%	36%	20%
Consumer Installment #2	22%	<b>35%</b>	15%	<b>40%</b>	20%	20%	43%	5%

\* Comparable to demographics given 10% of families in AA #1 have income below poverty level.

\*\*Comparable to demographics given that 8% of families in AA #2 have income below poverty level. In addition, fewer of these types of borrowers qualify for mortgage financing or qualify for lower loan amounts.

Borrower Distribution of Loans to Businesses in AA #3				
Business Revenues	<\$1,000,000	≥\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	65%	7%	28%	100%
% of Commercial Industrial Loans in AA by #	55%	45%		100%
% of Commercial Real Estate Loans in AA by #	75%	25%		100%
% of Commercial Industrial Loans in AA by \$	56%	44%		100%
% of Commercial Real Estate Loans in AA by \$	75%	25%		100%

### Geographic Distribution of Loans

CBNA's geographic distribution of credit reflects satisfactory penetration throughout AA #1 and AA #2 based on our sample of at least 20 loans for each primary product type. The bank's geographic distribution of credit in AA #3 is considered reasonable given the limited number of moderate-income census tracts (2 of 107 tracts), the percentage of businesses located in moderate-income tracts (2.6 percent), and the fact that none of the bank's branches are located in moderate-income tracts. There are no low-income census tracts in any of the three AAs.

The following table provides a summary of the geographic distribution of bank's loans for the respective AAs.

### GEOGRAPHIC DISTRIBUTION OF LOANS WITHIN THE ASSESSMENT AREAS

Geographic Distribution of Lending in AA #1 and #2								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate #1	0%	0%	8%	10%	86%	88%	6%	2%
Residential Real Estate #2	0%	0%	47%	76%	53%	24%	0%	0%
	% of AA Households		% of AA Households		% of AA Households		% of AA Households	
Consumer Installment # 1	0%	0%	12%	10%	80%	90%	8%	0%
Consumer Installment #2	0%	0%	49%	30%*	51%	70%	0%	0%

\*Reasonable to demographics given 14% of households in moderate-income census tracts in AA #2 have income below poverty level.

Geographic Distribution of Loans to Businesses in AA								
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 Industrial	0%	0%	3%	0%	35%	10%	62%	90%
Commercial Real Estate	0%	0%	3%	0%	35%	30%	62%	70%

### **Responses to Complaints**

CBNA has not received any complaints during this evaluation period in regards to its CRA performance.

### **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.