



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 29, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Citizens National Bank of Akron
Charter Number: 10901

101 Main Street
Akron, CO 80720

Office of the Comptroller of the Currency

Denver Field Office
1225 17th Street, Suite 450
Denver, CO 80202

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".

A satisfactory rating is appropriate in each of the bank's designated assessment areas (AA) given the bank's demonstrated ability to meet the credit needs of the community. Specifically:

- The bank's loan-to-deposit ratio is satisfactory given area competition and credit needs of the community.
- The majority of loans by number and dollar volume are originated within the bank's assessment area.
- The pattern of lending to small farms and businesses in the bank's assessment area reasonably reflects area demographics.
- The geographic distribution of loans within Washington County is not meaningful because there are no low- or moderate-income census tracts.

SCOPE OF EXAMINATION

We performed a full scope review of the bank's assessment area to analyze CRA performance. We reviewed a sample of loans secured by farmland and agricultural operating loans, the bank's primary loan products, for the period from January 1, 2006 to February 29, 2008. Affiliate loan products and services were not considered in this evaluation.

DESCRIPTION OF INSTITUTION

The Citizens National Bank of Akron (CNB) is a \$44 million community bank in northeastern Colorado. The bank operates from its only location in Akron and has one full-service ATM at the bank.

CNB is owned by First Pioneer Bank Corporation, a multi-bank holding company, headquartered in Brush, Colorado. Other financial institutions owned by the holding company are The Farmers State Bank of Brush, Colorado, and First Pioneer National Bank of Wray, Colorado. The holding company is also related by common ownership to two other organizations, Equitable Savings and Loan and Farmers Realty Company. There are no changes in the bank's corporate structure since the prior CRA examination. As of December 31, 2008, the holding company had consolidated assets of \$212,229.

The bank offers a variety of loan and deposit products and services to its community. According to the December 30, 2007 Report of Condition and Income, the bank's primary business focus is agricultural lending which constitutes a majority of total loans. Crop production (agricultural loans) and farmland loans (secured by farm real estate) represent 38 and 36 percent, respectively, of total loans. The bank also extends

commercial and industrial loans (11 percent), consumer loans (7 percent), and residential and other loans (8 percent).

As of December 31, 2007, the bank reported net loans of \$27 million, representing 59 percent of average assets.

This Performance Evaluation is an assessment of the bank's CRA performance from August 9, 2002 through February 29, 2008. The bank received a satisfactory rating at the previous CRA examination dated August 8, 2002. There are no legal or financial impediments to the bank's ability to meet the credit needs of this assessment area.

DESCRIPTION OF ASSESSMENT AREA(S)

Management's designated assessment area (AA) is comprised of Washington County, Colorado. Washington County is located in the northeastern corner of Colorado, 115 miles northeast of Denver, and near but not on the border with Nebraska. It is not located in a metropolitan statistical area (MSA). The largest city in the county is Akron. Other major towns in the AA are Otis, Cope, and Linden.

Based on 2000 US Census data and 2007 updated income data, the county's population was reported as 4,926 and the AA is comprised only two census tracts, which are both designated middle-income. Based on this same data, there are 1,410 families residing in the AA, of which 22 percent are deemed low-income, and 25 percent are moderate-income. The HUD 2007 updated non-MSA median-family income for this AA is \$37,575.

The bank's defined AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is reasonable given area competition and credit needs of its assessment area.

The bank's quarterly average LTD ratio since the previous CRA exam is 71 percent. The LTD ratio for four other similarly situated banks in the AA over the same time period ranged between 56 percent and 75 percent. Similarly situated banks are those banks of similar business lines operating within the same geography.

Lending in Assessment Area

The bank's lending in the assessment area is satisfactory. The majority of loans by number and dollar volume were originated within the bank's AA. We sampled 20 agricultural operating loans and 20 loans collateralized by agricultural real estate originated between January 1, 2006 and February 29, 2008. Of the 40 loans reviewed,

80 percent by number and 70 percent by dollar volume were originated within the AA.

Table 1 - Lending in Washington County Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Agriculture Operating	15	75%	5	25%	20	1,306	56%	1,040	44%	2,346
RE/Farmland	17	85%	3	15%	20	2,342	82%	503	18%	2,845
Totals	32	80%	8	20%	40	3,648	70%	1,543	30%	5,191

Source: Loan Sample

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

The bank’s pattern of lending to individuals of different income levels and businesses of different sizes in Washington County is satisfactory.

The distribution of loans secured by Farmland to borrowers of different income levels is reasonable. An analysis of 20 loans originated in Washington County between January 1, 2006 and February 29, 2008 shows 100 percent by number were originated to middle-income individuals. This compares favorably to area demographics which indicate that 100 percent are middle-income.

Table 2 - Borrower Distribution of Agricultural Operating Loans								
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
AG Operating	0%	0%	0%	0%	100%	100%	0%	0%

Source: Loan Sample

The distribution of agricultural operating loans to small farms is good. An analysis of 20 loans originated in Washington County between January 1, 2006 and February 29, 2008 shows 100 percent by number were originated to small farms. This compares favorably to area demographics which shows that 98 percent of farms in the AA are considered small, those with annual revenue of less than \$1 million.

Table 2A - Borrower Distribution of Loans Secured by Farmland				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown Revenues	Total
% of AA Farm and Non-Farm Businesses	100%	0%	0%	100%
% of Loans in AA by # from Sample	100%	100%	0%	100%
% of Loans in AA by \$ from Sample	100%	100%	0%	100%

Source: Loan Sample

Geographic Distribution of Loans

An analysis of geographic distribution of loans was not performed. All geographies within the AA are designated as middle-income. Therefore, an analysis would not be meaningful.

Responses to Complaints

No complaints have been received regarding the bank’s performance in helping to meet assessment area needs during this 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.