
Comptroller of the Currency

SMALL

Administrator of National Banks

BANK

PUBLIC DISCLOSURE

October 18, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Bossier City
Charter Number 20184**

**2711 East Texas Street
Bossier City, Louisiana 71111**

**Office of the Comptroller of the Currency
Southwestern District
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3342**

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 Bossier City** prepared by the **Office of the Comptroller of the Currency** the institution's supervisory agency, as of **October 18, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY**.

Citizens National Bank of Bossier City has a satisfactory record of meeting of meeting community credit needs. This rating is based on the following:

- < The bank's loan-to-deposit ratio is more than reasonable when compared to other area banks.
- < A majority of the bank's loans are extended within its assessment area.
- < Credit activity is reasonably distributed to borrowers of different income levels.
- < The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.

DESCRIPTION OF INSTITUTION:

Citizens National Bank of Bossier City is a \$93 million financial institution with three full service locations and one separate Automatic Teller Machine (ATM) location. Each of the full service locations also have ATMs. The main office is located at 2711 East Texas Street, Bossier City, Louisiana. The branches are located at 2005 Benton Road, Bossier City and 9237 Mansfield Road, Shreveport, Louisiana. The separate ATM location is at Bossier Parish Community College at 2719 Airline Drive, Bossier City, Louisiana. The bank is a full service community bank which offers a wide range of deposit and loan products, including commercial, residential real estate, and consumer loans. The loan portfolio consists of the following: 45.40% commercial and commercial real estate; 40.84% residential real estate; 13.41% consumer related; and 0.35% agricultural. As of September 30, 1999, loans totaled \$68 million and represented 73% of total assets. The bank is a wholly owned subsidiary of Citizens National Bancshares of Bossier, Inc., a one bank holding company. There are no legal or other impediments which limit the bank's ability to help meet the community's credit needs. The bank was rated Satisfactory during the prior CRA Examination dated September 4, 1996.

DESCRIPTION OF THE ASSESSMENT AREA:

The Board of Directors has designated portions of the Shreveport/Bossier City Metropolitan Statistical Areas (MSA) as the bank's assessment area. This MSA includes Bossier and Caddo Parishes. This assessment area meets the requirements of the CRA and does not exclude any low or moderate income geographies. The assessment area encompasses one low income, two moderate income, fourteen middle income, and eight upper income census tracts. This assessment area has a total population of 133,306. Only 1.11% of the population live in the low income tract, 2.33% live in moderate income tracts, 58.52% live in middle income tracts, and 38.04% live in upper income tracts. The distribution of families by income level regardless of census tract location consists of the following: 5,611 families or 15.29% are low income; 5,435 families or 14.81% are moderate income; 7,781 families or 21.20% are middle income; and 17,871 families or 48.70% are upper income. According to 1998 Department of Housing and Urban Development (HUD) information, the median family income for this area is \$37,900 with 12.78% under the poverty level. Housing units within the assessment area include 61% owner occupied units and a median housing value of \$64,048. Major employers in the area include Barksdale Air Force Base; gambling casinos including the Horseshoe, Isle of Capri, and Casino Magic; Louisiana Downs; Schumpert Medical Center; and the Bossier Parish School District. Competition within the assessment area is strong and includes five local banks, four branches of banks located outside the community, and one credit union. The local economy is considered stable with the unemployment rate for the Shreveport/Bossier City MSA of 4.6%.

This CRA assessment included a recent contact with a local business leader. Our community contact indicated that there were no unmet credit needs within Bossier and Caddo Parishes. Our contact also indicated that all financial institutions have been responsive in meeting community credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO:

The loan-to-deposit ratio of Citizens National Bank of Bossier City is more than reasonable given its size, financial condition, and the assessment area credit needs. The bank's average quarterly loan-to-deposit ratio was 76.31% since the prior CRA examination which was conducted September 4, 1996 and exceeds the standards for satisfactory performance. The average loan-to-deposit ratio of other local community banks for the same time period was 62.45%. The quarterly average loan-to-deposit ratio of these banks ranged from a low of 37.88% to a high of 80.07%.

LENDING IN ASSESSMENT AREA:

The bank's lending activity within the assessment area meets the standards for satisfactory performance. A majority of the bank's lending activity is located within its assessment area. We reviewed a sample of 93 residential mortgages, 30 consumer related loans, and 33 commercial loans originated since September 1996. This sample reflected approximately 69.87% of the number of loans and 68.46% of the dollar amount of loans in our sample were extended within the assessment area. The breakdown by loan category in the bank's assessment area is illustrated in the following tables:

Consumer Loans	Number	Percent	\$ (000's)	Percent
Inside Assessment Area	25	83.33%	228	93.06%
Outside Assessment Area	5	16.67%	17	6.94%

Home Purchase Loans	Number	Percent	\$ (000's)	Percent
Inside Assessment Area	61	65.59%	4,464	67.93%
Outside Assessment Area	32	34.41%	2,107	32.07%

Business Loans	Number	Percent	\$ (000's)	Percent
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Inside Assessment Area	23	69.70%	5,086	68.12%
Outside Assessment Area	10	30.30%	2,380	31.88%

LENDING TO BORROWERS OF DIFFERENT INCOME AND TO BUSINESSES OF DIFFERENT SIZES:

The level of lending to borrowers of different income and to businesses of different sizes meets the standards for satisfactory performance. The distribution of loans within the assessment area reflects a reasonable penetration among borrowers of different income levels and businesses of different sizes. Primary lending products are commercial and commercial real estate, residential real estate, and consumer loans.

The distribution of residential real estate and consumer loans generally approximates the income characteristics of the assessment area. The following tables detail the results of our borrower analysis.

Lending to Borrowers of Different Income Levels Home Purchase Loans					
Borrower Income Category	# of Loans	Percentage	\$ (000's)	Percentage	% of Families within each Income Category
Low	7	11.48%	207	4.64%	15.29%
Moderate	14	22.95%	596	13.35%	14.81%
Middle	11	18.03%	726	16.26%	21.20%
Upper	29	47.54%	2,935	65.75%	48.70%
Total	61	100.00%	4,464	100.00%	100.00%

Lending to Borrowers of Different Income Levels Consumer Loans					
Borrower Income Category	# of Loans	Percentage	\$ (000's)	Percentage	% of Families within each Income Category
Low	8	32.00%	48	21.05%	15.29%
Moderate	3	12.00%	18	7.89%	14.81%
Middle	4	16.00%	38	16.67%	21.20%

Upper	10	40.00%	124	54.39%	48.70%
Total	25	100.00%	228	100.00%	100.00%

The distribution of business loans also reflects a reasonable penetration among businesses of different sizes. Based on U.S. Census information, there are 3,179 businesses in the assessment area with revenues less than \$1 million. This number represents 70.85% of all businesses within the assessment area. Based on our review, 69.57% of the business loans we sampled which originated in the bank's assessment area were to small businesses with gross annual revenues of less than \$1 million. Refer to the following table for details.

Distribution of Small Business Loan Originations Sample Within the Assessment Area by Business Revenues				
Business Annual Revenues	# Loans	Percentage	\$(000's)	Percentage
Less than \$100,000	3	13.04%	85	1.67%
\$100,000 to \$250,000	5	21.74%	1,190	23.40%
\$250,000 to \$1,000,000	8	34.78%	2,001	39.34%
Subtotal Small Businesses	16	69.57%	3,276	64.41%
Over \$1,000,000	7	30.44%	1,810	35.59%
Totals	23	100.00%	5,086	100.00%
Distribution of Businesses in the Assessment Area by Annual Revenues of the Business:			< 1Million	70.85%
			> 1 Million	7.11%
			Unknown	22.04%

Source: Dun & Bradstreet Business Demographic Data

GEOGRAPHIC DISTRIBUTION OF LOANS:

The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area and meets the standards for satisfactory performance. The geographic distribution of sampled loans also indicates the bank is making loans throughout its assessment area. Our sample revealed no loans

were extended for the purpose of financing businesses or home purchases in the low income tract. However, only 1% of the housing units and businesses in the assessment area are located in this tract. The tract has only 21.81% owner occupied residential property, with 66.10% of the residential property being rental. This area is located close to Barksdale Air Force Base, with housing demands mainly rental properties. Military personnel purchasing homes traditionally seek financing with local credit unions catering to military personnel. In addition, the businesses in this low income tract are older, cash type businesses

such as liquor stores and pawn shops that do not typically borrow from financial institutions. The following tables reflect the geographic distribution of sampled loans.

Geographic Distribution of Consumer Loans						
Geography Designation	Population within each Geography Type	Percentage of Population within each Geography Type	Distribution of Consumer Loans by Geography Type			
			#	%	\$(000's)	%
Low Income	1,481	1.11%	1	4.00%	8	3.51%
Moderate Income	3,107	2.33%	13	52.00%	135	59.21%
Middle Income	78,015	58.52%	7	28.00%	55	24.12%
Upper Income	50,703	38.04%	4	16.00%	30	13.16%
Total	133,306	100.00%	25	100%	228	100%

Geographic Distribution of Home Purchase Loans						
Geography Designation	Number of Owner Occupied Housing Units within each Geography Type	Percentage of Owner Occupied Housing Units within each Geography Type	Distribution of Home Purchase Loans by Geography Type			
			#	%	\$(000's)	%
Low Income	516	1.09%	0	0.00%	0	0.00%
Moderate Income	1,261	2.66%	3	4.92%	55	1.23%
Middle Income	28,239	59.48%	29	47.54%	1,338	29.97%
Upper Income	17,457	36.77%	29	47.54%	3,017	68.79%
Total	47,473	100.00%	61	100%	4,410	100%

Geographic Distribution of Business Loans						
Geography Designation	Number of Businesses within each Geography Type	Percentage of Businesses within each Geography Type	Distribution of Business Loans by Geography Designation			
			#	%	\$(000's)	%
Low Income	43	0.96%	0	0%	0	0%
Moderate Income	280	6.24%	1	4.35%	276	5.43%
Middle Income	2,990	66.64%	17	73.91%	3,410	67.05%
Upper Income	1,174	26.16%	5	21.74%	1,400	27.52%
Total	4,487	100.00%	23	100%	5,086	100%

RESPONSE TO COMPLAINTS:

Management has not received any written complaints related to CRA performance since the prior CRA Examination.

RECORD OF COMPLIANCE WITH ANTIDISCRIMINATION LAWS:

A Fair Lending Examination was performed in conjunction with this examination. We reviewed a sample of consumer automobile loan approvals and denials to test for discrimination on the basis of gender. Based on the sample we reviewed, no discriminatory practices were noted. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.