



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Bank, National Association
Charter Number 23834

4201 South Treadaway Boulevard
Abilene, Texas 79602

Office of the Comptroller of the Currency
Southern District
ADC - San Antonio Field Office
10001 Reunion Place, Suite 250
San Antonio, Texas 78216

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 the 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.”

Lending tests indicate that Citizens Bank, National Association (CBNA) meets the standards for satisfactory performance. There were no discriminatory lending practices identified at this examination.

The major facts supporting CBNA’s rating include:

- The loan-to-deposit ratio is reasonable given the institution’s size, financial condition, competition and needs of its assessment area (AA).
- A substantial majority of the bank’s loans originated during this evaluation period are within its AA.
- The record of lending reflects satisfactory penetration to borrowers of different incomes and businesses of different sizes.
- The geographic distribution of loans originated during this evaluation period meets satisfactory performance standards.

SCOPE OF EXAMINATION

This examination focused on the primary lending products for the metropolitan statistical area (MSA) (Abilene location) and non-MSA (Knox City location). Based on origination levels since the last CRA examination in June 2007, we identified commercial and 1-4 family residential real estate loans as the MSA’s primary products and consumer and agricultural loans as the non-MSA’s primary products. We pulled a sample of loans originated since the last CRA examination to assess commercial, consumer, and agricultural lending. We used Home Mortgage Disclosure Act (HMDA) data to assess 1-4 family residential real estate lending. Loans in our sample determined to be outside the AA were discarded for the “Geographic Distribution Test” and the “Lending to Borrowers of Different Incomes and Businesses of Different Sizes Test.”

DESCRIPTION OF INSTITUTION

CBNA is a \$92 million community bank located in west central Texas. The bank is a wholly owned subsidiary of Big Country Bancshares, Inc. a new holding company formed by the owners of CBNA’s prior holding company, Texas Country Bancshares. CBNA is headquartered in Abilene, Texas. Its only branch is located in Knox City, Texas, approximately 75 miles north of Abilene. Both locations provide full banking services to their customers including 24-hour banking via telephone and Internet banking. This 24-hour telephone auto response system allows customers to obtain account balance information and transfer of funds between accounts. CBNA has two automated teller machines (ATMs), one at the Abilene location and the other at a convenience store in Knox City.

CBNA received a “Satisfactory” rating at its prior CRA examination conducted on June 25, 2007.

There are no legal or financial circumstances that would impede CBNA’s ability to help meet the credit needs of its AA. CBNA’s competition ranges from small community financial institutions to nationally established commercial banks. CBNA’s Abilene location focuses on meeting the credit needs of the community through commercial, commercial real estate (CRE), and 1-4 family residential lending.

The Knox City location focuses on meeting community credit needs through consumer and agricultural lending. As of December 31, 2011, gross loans totaled \$57 million representing 62% of CBNA's total assets. The following table details the bank's loan portfolio composition as of December 31, 2011.

LOAN TYPE	DOLLAR AMOUNT \$(000s)	% OF TOTAL LOANS
Real Estate (RE) Nonfarm Nonresidential	\$18,099	31.61%
Commercial and Industrial	\$12,440	21.72%
RE Residential (1-4 family)	\$8,319	14.53%
Consumer	\$6,378	11.14%
Construction and Development	\$4,461	7.79%
RE Farmland	\$3,895	6.80%
Agricultural Production	\$2,087	3.64%
RE Residential (Multifamily: 5 or more)	\$802	1.40%
Other	\$785	1.37%
Total	\$57,266	100.00%

DESCRIPTION OF ASSESSMENT AREA(S)

The bank's AA is comprised of the Abilene MSA and a three-county non-MSA. The Abilene MSA includes the counties of Taylor, Jones, and Callahan. The Abilene MSA is comprised of 44 census tracts. There are no low-income census tracts, 11 moderate-income, 22 middle-income, 8 upper-income, and 3 (7%) without income designation.

The non-MSA is comprised of Knox, Haskell, and Runnells counties. There are 8 census tracts in the non-MSA; no low-income, 1 moderate-income, 7 middle-income, and none are upper-income. Both AA's meet the requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies.

We spoke with a small business development organization that serves Abilene and multiple nearby counties. The contact noted opportunities for small business commercial and agricultural lending in the area. The contact noted no significant concerns with the community's credit needs going unmet and thought that the local financial institutions were fulfilling the lending needs of the area.

Description of Abilene MSA Assessment Area

CBNA's main office is located in Abilene, and is its only facility located in the Abilene MSA. Abilene is located approximately 180 miles west of Dallas - Ft. Worth. The total population of the Abilene MSA, based on 2000 census data, is 160,245. Approximately 19% of the MSA's families are considered low-income, 18% moderate-income, 24% middle-income, and 39% upper-income. Approximately 14% of households are below the poverty level. There are 65,217 housing units in this AA, of which 58% are owner-occupied, 31% are renter-occupied, and 11% are vacant. Refer to the following table for additional details on the MSA's demographics.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF ABILENE MSA ASSESSMENT AREA	
Population	
Number of Persons	160,246
Number of Families	41,048
Number of Households	58,477
Geographies	
Number of Census Tracts	44
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	25%
% Middle-Income Census Tracts	50%
% Upper-Income Census Tracts	18%
Median Family Income (MFI)	
2000 MFI for AA	\$41,352
2011 HUD-Adjusted MFI	\$52,200
Economic Indicators	
Unemployment Rate	4.61%
2011 Median Housing Value	\$55,664
% of Owner-occupied Properties	58.3%
% of Households Below Poverty Level	14.4%

Source: 2000 US Census Data

Description of the Non-MSA Assessment Area

The bank's only branch, located in Knox City, is in the non-MSA portion of the AA. As previously mentioned, the non-MSA portion of the AA is comprised of Knox, Haskell, and Runnels counties. Knox and Haskell counties are located north of Abilene and contiguous with the Abilene MSA. Runnels County is south of Abilene and also contiguous with the Abilene MSA. Discussions with management revealed that lending and deposits in Runnels County are minimal and it is primarily included in the AA due to CNBA's involvement in commercial loan participations there. It is also noted that the only moderate-income level census tract in the non-MSA is located in Runnels County. There are minimal other commercial and consumer lending demands from this county.

Total population of the non-MSA AA based on 2000 Census data is 21,841. Demographics of the non-MSA portion of the AA show that approximately 30% of the households are considered low-income, 17% moderate-income, 20% middle-income, and 33% upper-income. There are 11,084 housing units in this AA, of which 61% are owner-occupied, 18% are renter-occupied, and 22% are vacant. Approximately 20% of the households live below the poverty level. Refer to the following table for additional information on the non-MSA's demographics.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS OF THE NON-MSA PORTION OF THE ASSESSMENT AREA	
Population	
Number of Persons	21,841
Number of Families	6,151
Number of Households	8,684
Geographies	
Number of Census Tracts	8
% Low-Income Census Tracts	0%
% Moderate-Income Census Tracts	12.5%
% Middle-Income Census Tracts	87.5%
% Upper-Income Census Tracts	0%
Median Family Income (MFI)	
2000 MFI for AA	\$36,380
2011 HUD-Adjusted MFI	\$48,600
Economic Indicators	
Unemployment Rate	3.06%
2011 Median Housing Value	\$31,451
% of Owner-occupied Properties	60.7%
% of Households Below Poverty Level	20.2%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's CRA performance is "Satisfactory." The evaluation period covered lending activity for commercial, residential real estate, consumer, and agricultural loans reported from June 30, 2007, to December 31, 2011. Additional details are set forth in the text of this evaluation.

Loan-to-Deposit Ratio

CBNA's loan-to-deposit (LTD) ratio is considered very good given the bank's asset size, financial condition, and known credit needs of its AAs. We assessed CBNA's quarterly average LTD ratio from June 30, 2007, to September 30, 2011, against similarly sized and located financial institutions (FIs). CBNA's LTD ratio was approximately 80%, which placed it third among the FIs in our sample and above the average LTD ratio of 69%. CBNA's LTD ratio has remained favorable since the last CRA examination ranging from a low of 71% to a high of 86%. Refer to the following table for additional details.

INSTITUTION	ASSETS AS OF 9/30/11 \$(000s)	AVERAGE LTD RATIO SINCE 6/30/2007
First National Bank of Baird	\$250,691	90.38%
Coleman County State Bank	\$79,167	82.06%
Citizens Bank, NA	\$87,824	79.73%
Hamlin National Bank	\$96,851	68.64%
First National Bank in Munday	\$88,878	64.12%
First State Bank	\$34,144	57.09%
Haskell National Bank	\$70,581	50.12%

Lending in Assessment Area

A substantial majority of CBNA's loan products originated within the bank's AA, exceeding the standard for satisfactory performance. During the evaluation period, approximately 77% of the number and 71% of the dollar amount of loans in our sample originated within the bank's AA. Refer to the following table for

additional details.

TOTAL LOANS REVIEWED								
Loan Type	In Assessment Area				Out of Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
RE 1-4 Family	51	67.11	6,345	82.30	25	32.89	1,365	17.70
Commercial RE	20	86.96	6,127	65.89	3	13.04	3,172	34.11
Consumer	22	88.00	227	79.58	3	12.00	58	20.42
Agricultural	27	87.10	1,038	52.45	4	12.90	941	47.55
Total Reviewed	120	77.42	13,737	71.28	35	22.58	5,536	28.72

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

CBNA has a reasonable penetration in lending to borrowers of different incomes and businesses of different sizes, meeting the standards for satisfactory performance. We noted below area demographic level penetration in residential real estate lending within the Abilene MSA, outstanding penetration in commercial lending within the Abilene MSA and consumer lending within the non-MSA, and satisfactory penetration in agricultural lending within the non-MSA.

Record of Lending in the Abilene MSA portion of the Assessment Area

CBNA's record of 1-4 family residential real estate lending is below demographic levels for low- and moderate-income (LMI) families. CBNA made 5% of home purchase loans and 0% of home improvement loans to low-income families although this level represents 19% of the MSA's population. CBNA made 5% of home purchase loans and 0% of home improvement loans to moderate-income families although this level represents 18% of the MSA's population. Refinance loans were not considered as there was only one made in our sample. Refer to the following table for additional details.

BORROWER DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN ABILENE MSA ASSESSMENT AREA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Home Purchase	19.15	5.13	18.23	5.13	23.78	5.13	38.84	66.67
Home Improvement	19.15	0.00	18.23	0.00	23.78	14.29	38.84	42.86
Refinance	19.15	0.00	18.23	0.00	23.78	0.00	38.84	100.00

CBNA's record of commercial lending to small businesses within the Abilene MSA indicates excellent penetration. Of the 20 commercial loans sampled, CBNA originated 95% of the loans to businesses with revenues under \$1 million and 96% by dollar volume. This well exceeded the area demographics which indicated that 67% of businesses within the MSA reported revenues under \$1 million. Refer to the following table for additional details.

BORROWER DISTRIBUTION OF LOANS TO BUSINESSES IN ABILENE MSA ASSESSMENT AREA				
<i>Business Revenues (or Sales)</i>	<i>≤\$1,000,000</i>	<i>>\$1,000,000</i>	<i>Unavailable/ Unknown</i>	<i>Total</i>
% of AA Businesses	67.02%	2.58%	30.40%	100%
% of Bank Loans in AA by #	95.00%	5.00%	N/A	100%
% of Bank Loans in AA by \$	96.13%	3.87%	N/A	100%

Record of Lending in the Non-MSA Portion of the Assessment Area

CBNA’s record of consumer lending indicates excellent penetration among LMI families in the non-MSA portion of the AA. Of 22 loans sampled, CBNA made 45% of consumer loans to low-income families, representing 30% of households in this non-MSA. CBNA made 35% of consumer loans to moderate-income families, representing 17% of households within the non-MSA. Refer to the following table for additional details.

BORROWER DISTRIBUTION OF CONSUMER LOANS IN KNOX-HASKELL-RUNNELS COUNTIES ASSESSMENT AREA								
<i>Borrower Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
<i>Loan Type</i>	<i>% of AA Families</i>	<i>% of # of Loans</i>	<i>% of AA Families</i>	<i>% of # of Loans</i>	<i>% of AA Families</i>	<i>% of # of Loans</i>	<i>% of AA Families</i>	<i>% of # of Loans</i>
Consumer Loans	30.09	45.00	17.02	35.00	19.51	5.00	33.38	28.58%

CBNA’s record of agricultural lending within the non-MSA AA indicates reasonable penetration among small businesses. Of the 27 loans sampled, CBNA originated 89% of the number of loans to businesses with revenues under \$1 million and 75% of dollar volume. This level of performance was reasonable considering the demographics which indicated that 97% of businesses within the AA reported revenues under \$1 million.

BORROWER DISTRIBUTION OF LOANS TO FARMS IN KNOX-HASKELL-RUNNELS COUNTIES ASSESSMENT AREA				
<i>Farm Revenues (or Sales)</i>	<i>≤\$1,000,000</i>	<i>>\$1,000,000</i>	<i>Unavailable/ Unknown</i>	<i>Total</i>
% of AA Farms	97.51%	1.81%	0.68%	100%
% of Bank Loans in AA by #	88.89%	11.11%	N/A	100%
% of Bank Loans in AA by \$	75.28%	24.72%	N/A	100%

Geographic Distribution of Loans

CBNA has a reasonable geographic dispersion of the loans originated during this evaluation period, meeting the standards for satisfactory performance. We noted satisfactory dispersion in residential real estate lending within the Abilene MSA, below demographic level of dispersion in commercial lending within the Abilene MSA and consumer lending within the non-MSA, and satisfactory dispersion in agricultural lending within the non-MSA.

Record of Lending in the Abilene MSA portion of the Assessment Area

CBNA has reasonable geographic dispersion among 1-4 family residential real estate loans originated in the MSA. There continues to be no low-income census tracts in the MSA. CBNA made 23% of home purchase loans and 14% of home improvement loans within moderate-income census tracts, which accounted for 18% of the MSA’s owner-occupied housing. Refinance loans were not considered as there was only one made in our sample. Refer to the following table for additional details.

GEOGRAPHIC DISTRIBUTION OF RESIDENTIAL REAL ESTATE LOANS IN ABILENE MSA ASSESSMENT AREA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
<i>Loan Type</i>	<i>% of Owner-Occupied Housing</i>	<i>% of # of Loans</i>	<i>% of Owner-Occupied Housing</i>	<i>% of # of Loans</i>	<i>% of Owner-Occupied Housing</i>	<i>% of # of Loans</i>	<i>% of Owner-Occupied Housing</i>	<i>% of # of Loans</i>
Home Purchase	0.00	0.00	17.54	23.08	54.63	38.46	27.83	33.33
Home Improvement	0.00	0.00	17.54	14.29	54.63	57.14	27.83	28.57
Refinance	0.00	0.00	17.54	0.00	54.63	0.00	27.83	100.00

CBNA has below demographic levels of geographic dispersion among commercial lending within the Abilene MSA. Of the 20 loans sampled, CBNA originated 10% of the loans to businesses within a moderate-income census tract although 20% of businesses within the AA are located in a moderate-income census tract. This below lending level is attributed to the fact that most of the commercial loan demand in the Abilene MSA since the last PE occurred in middle- and upper- income census tracts. Refer to the following table for additional details.

GEOGRAPHIC DISTRIBUTION OF LOANS TO BUSINESSES IN ABILENE MSA ASSESSMENT AREA								
<i>Census Tract Income Level</i>	<i>Low</i>		<i>Moderate</i>		<i>Middle</i>		<i>Upper</i>	
<i>Loan Type</i>	<i>% of AA Businesses</i>	<i>% of # of Loans</i>	<i>% of AA Businesses</i>	<i>% of # of Loans</i>	<i>% of AA Businesses</i>	<i>% of # of Loans</i>	<i>% of AA Businesses</i>	<i>% of # of Loans</i>
Businesses	0.00%	0	20.37%	10.00%	51.21%	25.00%	27.77%	65.00%

Record of Lending in the Non-MSA Portion of the Assessment Area

CBNA’s record of consumer lending indicates below demographic levels of geographic dispersion of consumer loans within the non-MSA AA. There were no low-income census tracts in the non-MSA AA. Of the 22 loans sampled, CBNA made 0% of consumer loans to households in a moderate-income census tract although these households represent 12% of the AA. This below level of performance is attributed to the fact that this one moderate-income census tract is located in Runnels County, which is primarily included in the bank’s AA due to CBNA’s involvement in commercial loan participations there. Management indicated that there was not a significant level of consumer loan demand in Runnels County. Refer to the following table for additional details.

GEOGRAPHIC DISTRIBUTION OF CONSUMER LOANS IN KNOX-HASKELL-RUNNELS COUNTIES ASSESSMENT AREA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
<i>Loan Type</i>	<i>% of AA Households</i>	<i>% of # of Loans</i>	<i>% of AA Households</i>	<i>% of # of Loans</i>	<i>% of AA Households</i>	<i>% of # of Loans</i>	<i>% of AA Households</i>	<i>% of # of Loans</i>
Consumer Loans	0.00%	0.00%	12.03%	0.00%	87.97%	100.0%	0.00%	0.00%

CBNA’s record of agricultural lending indicates reasonable level of geographic dispersion within the non-MSA AA. Of the 27 loans sampled, CBNA originated 0% of loans to farms located in a moderate-income census tract within the non-MSA AA versus less than 3% on the number of AA farms. This tract is located in Runnels County and management has indicated previously that there was minimal agricultural lending demand in this one county. Refer to the following table for additional details.

GEOGRAPHIC DISTRIBUTION OF LOANS TO FARMS IN KNOX-HASKELL-RUNNELS COUNTIES ASSESSMENT AREA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
<i>Loan Type</i>	<i>% of AA Farms</i>	<i>% of # of Loans</i>	<i>% of AA Farms</i>	<i>% of # of Loans</i>	<i>% of AA Farms</i>	<i>% of # of Loans</i>	<i>% of AA Farms</i>	<i>% of # of Loans</i>
Farms	0.00%	0.00%	2.27%	0.00%	97.73%	100.0%	0.00%	0.00%

Responses to Complaints

CBNA did not receive any complaints or public comments regarding its CRA performance 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.