



PUBLIC DISCLOSURE

July 6, 1998

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Citizens National Bank of Greater St. Louis
Charter # 12955
7305 Manchester Road
Maplewood, Missouri 63143

Comptroller of the Currency
St. Louis Field Office
12312 Olive Blvd., Suite 650
St. Louis, MO 63141

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 Greater St. Louis, Maplewood, Missouri**, prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of July 6, 1998. This evaluation is based on information since the last CRA examination dated **July 27, 1995**. 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**.

- ▶ The level of lending to borrowers of different income levels and businesses of different sizes is reasonable based on our review of commercial, used auto and truck, and residential real estate loans.
- ▶ The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- ▶ The bank's loan-to-deposit ratio exceeds the loan-to-deposit ratios of similarly situated area banks.
- ▶ A majority of loans are extended in the bank's assessment area.

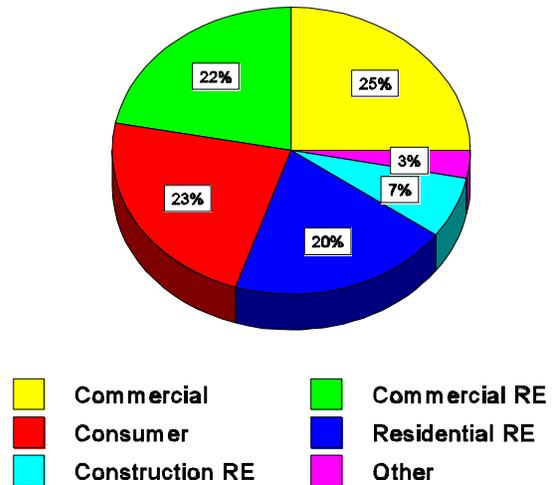
DESCRIPTION OF INSTITUTION

Citizens National Bank of Greater St. Louis (Citizens), headquartered in Maplewood, Missouri, had total assets of \$243 million as of March 31, 1998. It is wholly owned by Cardinal Bancorp, Inc., a one-bank holding company, located in Maplewood, Missouri. Citizens serves its community through five banking offices located in the Missouri communities of Maplewood, Florissant, Affton, Maryland Heights, and St. Charles County.

Citizens offers a full range of retail and commercial banking products. As of March 31, 1998, the loan portfolio represented 80% of total assets. As the graph illustrates, commercial and commercial real estate loans represent almost half of the loan portfolio. The bank's commercial lending efforts have focused on middle market businesses. The bank also has a mortgage banking department and sells loans to several investors.

No financial or legal constraints impede the bank's ability to meet community credit needs. The bank's prior CRA rating, dated July 27, 1995, was "Outstanding Record of Meeting Community Credit Needs."

Loan Portfolio Composition



DESCRIPTION OF ASSESSMENT AREA

Citizens has designated portions of St. Louis City, St. Louis County, St. Charles County, and Jefferson County as its assessment area. This assessment area contains 181 contiguous census tracts (CTs). Of these CTs, 2 are low income, 15 are moderate income, 90 are middle income, and 74 are upper income.

The assessment area consists of whole CTs where Citizens has its main office and branches, as well as the surrounding areas where the bank has originated a substantial portion of its loans. The assessment area meets the requirements of the regulation and no low- or moderate-income areas were arbitrarily excluded.

The 1990 Census Median Family Income for the St. Louis Multi-state MSA was \$37,995. The 1998 HUD estimate for the St. Louis Multi-state MSA Median Family Income is \$51,000. Census information on family incomes aggregated for all CTs in the assessment area shows that 11% of the families were in low-, 15% were in moderate-, 25% were in middle-, and 49% were in upper-income levels.

For the analysis contained in this report, low income is defined as income that is less than 50% of the 1998 St. Louis Multi-state MSA Median Family Income. Moderate income is defined as income that is at least 50% but less than 80% of the 1998 St. Louis Multi-state MSA Median Family Income. Middle income is at least 80% but less than 120% of the 1998 St. Louis Multi-state MSA Median Family Income. Upper income is income that is 120% or more of the 1998 St. Louis Multi-state MSA Median Family Income.

The area's economy is stable with the telecommunications, financial services, health care services, transportation, and automobile manufacturing industries providing a substantial number of the area's jobs. The May 1998 unemployment rates for St. Louis City, St. Louis County, St. Charles County, and Jefferson County are 7.8%, 3.4%, 2.9%, and 4.0%, respectively. These figures compare reasonably to the state of Missouri and U.S. unemployment rates, which are both at 4.2%.

Strong competition is provided by several financial institutions, including regional bank branches, located within close proximity to the main office.

During this evaluation, we reviewed information obtained through many community contacts made by representatives of the Comptroller of the Currency, Federal Reserve Banks, Federal Deposit Insurance Corporation, and Office of Thrift Supervision during 1997 and year-to-date 1998. We also visited a local community organization during this review. Identified community credit needs are related to housing and small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes:

The bank demonstrates satisfactory performance. We reviewed 25% of all commercial loans extended September 1997 through December 1997. We also reviewed 25% of all used auto and truck loans extended November 1997 through December 1997. These product types were selected because they are primary product lines. Commercial credits comprise the largest portion of the loan portfolio on a dollar basis, and used auto and truck loans comprise the largest portion of the loan portfolio on a number basis. We also reviewed residential real estate loans originated in 1997 because Home Mortgage Disclosure Act (HMDA) reports were readily available.

The bank's distribution of small business loans based on revenue size of the business shows low penetration to businesses of different sizes. The following table illustrates that Citizens originated 41% of the number of its commercial loans to businesses with annual revenues less than \$1 million, and 59% to businesses with annual revenues over \$1 million. This compares unfavorably to assessment area demographics which indicate that 86% of businesses have revenues of \$1 million or less.

Distribution by Business Revenue Size
Commercial Loans Originated September 1997 Through December 1997

| | Under \$100M | | \$100M-\$250M | | \$250M-\$500M | | \$500M-\$1MM | | Over \$1MM | |
|------------|--------------|----|---------------|----|---------------|-----|--------------|-----|------------|-----|
| # | 1 | 2% | 4 | 9% | 8 | 17% | 6 | 13% | 27 | 59% |
| \$ (000's) | 26 | 0% | 155 | 1% | 284 | 3% | 364 | 4% | 9,966 | 92% |

Citizen's distribution of used auto/truck loans and HMDA reportable loans to borrowers of different income levels demonstrates excellent penetration to borrowers of all income levels. The bank's distribution to low- and moderate-income level individuals exceeds the demographic composition of the assessment area.

Distribution by Borrower Income Level
Used Auto and Truck Loans

| Income Levels | # of Loans | % By # of Loans | Loan \$ (000's) | % of Loan \$ | % of Families by Income Level |
|------------------------|------------|-----------------|-----------------|--------------|-------------------------------|
| <i>Low Income</i> | 11 | 19% | 62 | 12% | 11% |
| <i>Moderate Income</i> | 21 | 36% | 214 | 42% | 15% |
| <i>Middle Income</i> | 15 | 26% | 108 | 21% | 25% |
| <i>Upper Income</i> | 11 | 19% | 126 | 25% | 49% |

Distribution by Borrower Income Level
HMDA Reportable Loans

| Income Levels | # of Loans | % By # of Loans | Loan \$ (000's) | % of Loan \$ | % of Families by Income Level |
|------------------------|------------|-----------------|-----------------|--------------|-------------------------------|
| <i>Low Income</i> | 11 | 11% | 233 | 4% | 11% |
| <i>Moderate Income</i> | 28 | 28% | 1,349 | 24% | 15% |
| <i>Middle Income</i> | 34 | 33% | 1,412 | 26% | 25% |
| <i>Upper Income</i> | 29 | 28% | 2,563 | 46% | 49% |

Geographic Distribution of Loans:

The geographic distribution of loans is satisfactory. Our review of all commercial, used auto/truck, and residential real estate loans originated in 1997 revealed the distribution of loans reflects reasonable dispersion throughout the assessment area. A summary of these findings is presented in the following tables.

**Geographic Distribution
Commercial Loans Originated in 1997**

| Income Characteristic of CTs | # of Loans | % By # of Loans | Loan \$ (000's) | % of Loan \$ | % of Businesses per Tract |
|-------------------------------------|-------------------|------------------------|------------------------|---------------------|----------------------------------|
| <i>Low Income (a)</i> | 1 | 0% | 5 | 0% | 1% |
| <i>Moderate Income (b)</i> | 4 | 1% | 884 | 3% | 5% |
| <i>Middle/Upper Income (c)/(d)</i> | 446 | 99% | 26,579 | 97% | 94% |
| <i>Total</i> | 451 | 100% | 27,468 | 100% | 100% |

**Geographic Distribution
Used Auto and Truck Loans**

| Income Characteristic of CTs | # of Loans | % By # of Loans | Loan \$ (000's) | % of Loan \$ | % of Families by Income Level of Tract |
|-------------------------------------|-------------------|------------------------|------------------------|---------------------|---|
| <i>Low Income (a)</i> | 1 | 0% | 5 | 0% | 0% |
| <i>Moderate Income (b)</i> | 89 | 6% | 653 | 5% | 4% |
| <i>Middle/Upper Income (c)/(d)</i> | 1,423 | 94% | 12,962 | 95% | 96% |
| <i>Total</i> | 1,513 | 100% | 13,620 | 100% | 100% |

**Geographic Distribution
Residential Real Estate Loans**

| Income Characteristic of CTs | # of Loans | % By # of Loans | Loan \$ (000's) | % of Loan \$ | % of Owner Occupied Units Per Tract |
|-------------------------------------|-------------------|------------------------|------------------------|---------------------|--|
| <i>Low Income (a)</i> | 0 | 0% | 0 | 0% | 0% |
| <i>Moderate Income (b)</i> | 5 | 5% | 146 | 3% | 3% |
| <i>Middle Income (c)</i> | 57 | 56% | 2,202 | 39% | 46% |
| <i>Upper Income (d)</i> | 40 | 39% | 3,209 | 58% | 51% |
| <i>Total</i> | 102 | 100% | 5,557 | 100% | 100% |

- (a) 2 low-income CTs in assessment area
- (b) 15 moderate-income CTs assessment area
- (c) 90 middle-income CTs in assessment area
- (d) 74 upper-income CTs in assessment area

Loan-to-Deposit Ratio:

The bank's loan-to-deposit ratio exceeds the loan-to-deposit ratios of similarly situated area banks. Citizen's loan-to-deposit ratio was 89% as of March 31, 1998, and its average loan-to-deposit ratio for the eleven quarters since the previous CRA evaluation was 86%. Five similarly situated area banks had loan-to-deposit ratios ranging from 58% to 74% as of March 31, 1998, and average ratios for the period ranging from 55% to 79%.

Lending in the Assessment Area:

Lending in the assessment area is satisfactory. A majority of the bank's commercial, used auto/truck, and residential real estate loans are within its assessment area. This conclusion is based on a review of all 1997 originations for these loan types.

Loans by Number and Dollar Amount WITHIN Assessment Area (AA):

| Loan Type | # of Loans Originated in the AA | % by # of Loan Type in the AA | Loan \$ (000's) Originated in the AA | % by \$ of Loan Type in the AA |
|----------------------------|--|--------------------------------------|---|---------------------------------------|
| Commercial | 326 | 72% | 15,968 | 58% |
| Used Auto and Truck | 1,335 | 88% | 11,668 | 86% |
| Residential RE | 102 | 67% | 5,557 | 67% |

Response to Complaints:

No complaints were received since the prior CRA evaluation.

Compliance with Antidiscrimination Laws:

In conjunction with the CRA evaluation, we performed a Fair Lending examination which included a review of the bank's compliance with the Equal Credit Opportunity Act and the Fair Housing Act. No violations of these antidiscrimination laws and regulations were identified.

SERVICE TEST

Retail banking services are readily available to all segments of the community. Citizens recently opened a fifth banking office within its assessment area. While all offices are physically located in CTs that are designated as middle income, the proximity of low- and moderate-income tracts affords ready access to residents of those areas. All banking offices have automatic teller machines at drive-up lanes, providing access to all segments of the community 24 hours a day. All branches have reasonable hours and offer a full range of banking services. Citizens offers “Telephone Express” to give customers account information 24 hours a day, seven days a week.

Bank officers provide financial expertise to a variety of community development organizations that assist in servicing the needs of low- and moderate-income communities. These officers serve in various capacities, including President and Director, for the following organizations:

- ▶ Grace Hill/Maple Heights Neighborhood Center Advisory Board,
- ▶ Maplewood Community Betterment Foundation/Maplewood Housing Corporation, and
- ▶ Christmas in April.

INVESTMENT TEST

Qualified investments made by Citizens during the evaluation period:

St. Louis Equity Fund, Inc (SLEFI) - \$100,000. The mission of SLEFI is to stimulate the development of affordable low- and moderate-income housing units throughout the St. Louis area. During the past 10 years the fund has built over 1,500 homes with total investments exceeding \$50 million.

Christmas in April - \$500. The objective of Christmas in April is to work with the community to rehabilitate the houses of low-income homeowners, particularly the elderly and disabled. In 1998, forty-seven homes were repaired. All home-owners were low income. Many of the bank’s employees assist in this effort by volunteering to help paint and repair these homes.

Maplewood Community Betterment Foundation and the Maplewood Housing Corporation - \$1,000. (The bank also participates as a lender for this project). The foundation selected three existing multi-family structures in Maplewood for rehabilitation. Two of the units are managed as low-income housing projects, and the third unit was torn down to create a yard between the two buildings. In addition, Citizens nominated this project to the Federal Home Loan Bank for a matching \$1,000 contribution, which was awarded.