



## **PUBLIC DISCLOSURE**

August 14, 2017

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

Citizens Bank, National Association  
Charter Number 23834

4201 South Treadaway Boulevard  
Abilene, TX 79602

Office of the Comptroller of the Currency

Fort Worth Field Office  
9003 Airport Freeway Suite 275 North Richland Hills, TX 76180-9127

**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.

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## Overall CRA Rating

**The Lending Test is rated: Satisfactory.**

- The bank has a reasonable loan-to-deposit (LTD) ratio relative to comparable institutions operating in the market. The satisfactory LTD ratio reflects a willingness to lend in the community.
- A substantial majority of loans made during the evaluation period were to individuals and businesses inside the bank's assessment area (AA).
- The record of lending during the evaluation period reflects reasonable penetration to borrowers of different incomes and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion among individuals living in and businesses operating in low- and moderate-income census tracts (CT).
- There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs identified in the supervisory process during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Citizens Bank, NA (CBNA) is a small single state bank located in west central Texas. As of June 30, 2017, the bank had total assets of \$107 million. The bank is a wholly owned subsidiary of Big Country Bankshares, Inc. CBNA is headquartered in Abilene, Texas with its only branch located in Knox City, Texas approximately 75 miles north of Abilene. Both locations provide full banking services including internet banking and 24-hour telephone auto response system which allows customers to obtain account balance information and transfer funds between accounts. The bank operates one automated teller machine at the main bank in Abilene and one located in a convenience store in Knox City, Texas.

The bank operates in two AAs, the Abilene MSA comprised of Taylor, Jones, and Callahan Counties, and the non-MSA comprised of Knox, Haskell, and Runnels Counties. Both AAs meet the requirements of the regulation and do not arbitrarily exclude low-or moderate-income geographies. The bank's major competition in the Abilene MSA is First Financial Bank of Abilene, TX which leads the market. First Financial Bank is also the primary competitor in the non-MSA AA, but other competitors include other local community banks such as Haskell NB headquartered in Haskell, Texas, The First National Bank of Ballinger headquartered in Ballinger, Texas, and First Bank Texas which operates in Abilene.

According to the June 30, 2017 FDIC Deposit Market Share Report, 18 institutions operate 48 offices within the Abilene MSA. First Financial Bank dominates the market with 45.98 percent of deposits. Other significant competitors include Prosperity Bank with 11.19 percent, First Bank Texas with 8.98 percent, Bank of America, NA with 8.65 percent, Compass Bank with 6.08 percent, and JPMorgan Chase Bank, NA with 5.14 percent; 12 other institutions make up the remaining 13.98 percent. CBNA ranks eighth with 1.78 percent of deposits.

CBNA focuses on meeting the credits of the Abilene MSA AA through commercial, commercial real estate (CRE), and 1-4 family residential lending, and the non-MSA AA through consumer and agricultural lending. Because the Abilene location does not generate a significant volume of consumer loans and the Knox City location does not generate a significant volume of commercial loans, we evaluated commercial lending in the Abilene MSA AA and consumer lending in the non-MSA AA. We evaluated 1-4 family residential lending for both AAs.

As of June 30, 2017, gross loans totaled \$76 million representing 72.39 percent of CBNA's average assets and 774 percent of tier 1 capital. Commercial real estate loans total \$23.15 million and make up the largest portion of the loan portfolio at 30.43 percent of total loans; they represent 235.5 percent of tier 1 capital. One-to-four family residential loans total \$20.13 million and are the second largest portion of the portfolio at 26.46 percent of total loans and 204.83 percent of tier 1 capital. Commercial and industrial loans total \$9.3 million making up 12 percent of the portfolio and representing

94.62 percent of tier 1 capital. Consumer loans, excluding one-to-four family residential loans, total \$8.6 million making up 11.32 percent of total loans and representing 87.63 percent of tier 1 capital.

There are no legal or financial circumstances that would impede CBNA's ability to help meet the credit needs of its AAs.

CBNA received a "Satisfactory" rating at its prior CRA examination dated January 23, 2012.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This examination focused on the primary lending products for the Abilene MSA AA and the non-MSA AA. Based on origination levels since the last CRA examination in January 2012, we identified commercial real estate and 1-4 family residential loans as the MSA AA's primary products and consumer loans as the non-MSA AA's primary products. We pulled a sample of loans originated since the last CRA examination to assess commercial and consumer 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 AAs were discarded for the "Geographic Distribution Test" and the "Lending to Borrowers of Different Incomes and Businesses of Different Sizes Test."

### **Data Integrity**

We performed data integrity procedures to verify the accuracy of the data we relied on in this evaluation. We noted material errors in the HMDA Loan Application Register (LAR) data at the prior examination and management performed a full scrub of the LAR data for 2014, 2015, and 2016 correcting errors. We performed follow-up procedures to ensure corrected data was accurate and concluded that management has satisfactorily addressed our previous concerns and the data is reliable. Our evaluation is based on the corrected, accurate data.

No affiliates exist; affiliated activities were not considered in this evaluation.

### **Selection of Areas for Full-Scope Review**

We performed a full-scope review of the Abilene MSA AA as well as the non-MSA AA. Please refer to the table in appendix A for more information.

### **Ratings**

The bank's overall rating is based on observed performance as well as context information from the Abilene MSA AA as well as the non-MSA AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution [or any affiliate whose loans have been considered as part of the institution's lending performance] has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

Lending tests indicate that CBNA meets the standards for satisfactory performance. There were no discriminatory lending practices identified during the evaluation period.

### LENDING TEST

#### Loan-to-Deposit Ratio

CBNA's LTD ratio is reasonable and meets the standards for satisfactory performance given the bank's size, financial condition, and the credit needs in its assessment area. CBNA's LTD ratio reflects a willingness to provide credit to the AA.

The LTD ratio measures the extent to which the bank has returned the deposits it has acquired to the community in the form of loans. The average of this ratio for each quarter-end since the previous CRA examination is used to determine performance. In the twenty two quarters since the prior exam. As indicated in the following table, CBNA's average LTD ratio was 83.15 percent. The ratio has steadily increased over the period from a low of 69.78 percent as of December 31, 2011, to a high of 92.5 percent as of March 31, 2017. At the last CRA exam, the average LTD ratio was 79.7 percent. We compared CBNA's LTD ratio to four comparable institutions headquartered and operating primarily in CBNA's AAs. CBNA's LTD ratio was higher than 3 of the 4 comparable institutions; the average LTD ratios among the comparative group ranged from 47.25 percent to 91 percent.

Loan-to-Deposit Ratios		
Financial Institutions	Total Assets \$ (000's) As of 3/31/2017	Average Loan-to- Deposit Ratio
<b>Citizens Bank, National Association</b>	<b>\$105,949</b>	<b>83.15</b>
The First National Bank of Ballinger	\$151,588	62.61
Citizens State Bank	\$118,378	91.00
Hamlin National Bank	\$88,126	47.41
Haskell National Bank	\$74,890	47.25

#### Lending in Assessment Area

By number, the substantial majority of lending observed during the evaluation period was inside the bank's AA. The bank made 80.54 percent of loans by number and 49.54 percent by dollar volume during the evaluation period inside the AA. The ratio of loans by dollar volume is impacted by approximately 3 very large home purchase loans made

to individuals who operate businesses within the AA for homes in adjacent counties. This ratio is also impacted by the bank’s willingness to make very small loans within the AA; we observed loans with origination amounts as small as \$4 thousand in the HMDA data.

<b>Table 1 - Lending in AA</b>										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Purchase	37	74.00	13	26.00	50	3,175	39.72	4,819	60.28	7,994
Improvement	14	93.33	1	6.67	15	357	81.69	80	18.31	437
Refinance	10	66.67	5	33.33	15	2,026	58.02	1,466	41.98	3,492
CRE	20	76.92	6	23.08	26	6,523	51.62	6,113	48.38	12,636
Consumer	39	90.70	4	9.30	43	207	84.15	39	15.85	246
Totals	120	80.54	29	19.46	149	12,228	49.54	12,517	50.46	24,805

*Source: HMDA data; loan samples.*

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

CBNA has a reasonable penetration in lending to borrowers of different incomes and businesses of different sizes. The bank meets the standard for satisfactory performance. We noted that penetration is below area demographic levels in residential real estate lending within the Abilene MSA AA, but is outstanding in commercial lending within the AA. We gave greater weight to the commercial lending metric because the bank’s business model is focused primarily on commercial lending and the bank’s residential lending portfolio is made up largely of accommodation loans to existing commercial borrowers to finance personal properties.

### **Abilene MSA AA**

#### Residential Real Estate Loans

Within the Abilene MSA AA, CBNA’s record of 1-4 family residential real estate lending reflects poor penetration compared to demographic levels for low- and moderate-income (LMI) families. CBNA did not make any residential loans to low-income families although they make up 21.18 percent of the MSA’s population. CBNA made 12 percent of purchase loans, 8.33 percent of improvement loans, and 10 percent of refinance loans to moderate-income families although they make up 17.4 percent of the MSA’s population. Refer to the following table for additional details.

**Table 2 - Borrower Distribution of Residential Real Estate Loans in Abilene MSA AA**

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
Purchase	21.18	0.00	17.40	12.12	21.18	15.15	40.25	36.36
Improvement	21.18	0.00	17.40	8.33	21.18	50.00	40.25	33.33
Refinance	21.18	0.00	17.40	10.00	21.18	10.00	40.25	50.00

Source: HMDA data; 2010 U.S. Census data.

### Commercial Loans

CBNA's record of commercial lending to small businesses within the Abilene MSA AA indicates excellent penetration. Of the 26 commercial loans sampled, 90 percent were made to businesses with revenues under \$1 million and 75 percent had origination amounts of \$500 thousand or less. This reflects a strong willingness to lend to small businesses in the AA. This metric was given more weight in the evaluation because the bank's business model is focused primarily on commercial lending. Refer to the following tables for additional details.

**Table 2A - Borrower Distribution of Loans to Businesses in Abilene MSA AA**

Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	81.10%	5.55%	13.35	100%
% of Bank Loans in AA by #	90.00%	10%	0.00%	100%
% of Bank Loans in AA by \$	19.93%	80.07%	0.00%	100%

Source: Loan sample; Dunn and Bradstreet data.

**Table 2C - Borrower Distribution of Loans to Businesses by Loan Size in AA**

Loan Size (000's)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	8	40.00%	\$415,000	6.31%
\$100,001 - \$250,000	4	20.00%	\$697,000	10.60%
\$250,001 - \$500,000	3	15.00%	\$1,178,000	15.00%
\$500,001 - \$1,000,000	4	20.00%	\$2,863,000	20.00%
Over \$1,000,000	1	5.00%	\$1,420,100	5.00%

Source: Loan sample.

### Consumer Loans

CBNA's record of consumer lending to low-and moderate-income individuals in the Abilene MSA AA reflects excellent penetration. The bank made 25 percent of consumer loans to low-income borrowers and 25 percent to moderate-income borrowers while they represent only 22.93 percent and 16.95 percent of the MSA population respectively. Refer to the following table for additional details.

Table 2B - Borrower Distribution of Consumer Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	22.93	25.00	16.95	25.00	18.16	20.00	41.97	30.00

Source: loan samples; 2010 U.S. Census data.

## Non-MSA AA

### Residential Real Estate Loans

The overall penetration of residential loans within the Non-MSA AA is satisfactory. , CBNA's record of 1-4 family residential real estate lending reflects poor penetration for low-income families, and excellent penetration for moderate-income families. CBNA did not make any residential loans to low-income families although they make up 24.67 percent of the non-MSA population; however, the bank made 25 percent of purchase loans and 50 percent of improvement loans to moderate-income families although they make up only 20.25 percent of the non-MSA population. The lack of penetration to low-income families is effectively offset by CBNA's excellent penetration to moderate-income families. Refer to the following table for additional details.

Table 2 - Borrower Distribution of Residential Real Estate Loans in non-MSA AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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
Purchase	24.67	0.00	20.25	25.00	16.98	0.00	38.10	75.00
Improvement	24.67	0.00	20.25	50.00	16.98	0.00	38.10	50.00
Refinance	24.67	0.00	20.25	0.00	16.98	0.00	38.10	0.00

Source: HMDA data; 2010 U.S. Census data.

### Consumer Loans

CBNA's record of consumer lending to low-and moderate-income individuals in the non-MSA AA reflects excellent penetration.

The bank made 34.8 percent of consumer loans to low-income borrowers and 34.8 percent to moderate-income borrowers while they represent only 26.75 percent and 16.67 percent of the non-MSA population respectively. Refer to the following table for additional details.

Table 2B - Borrower Distribution of Consumer Loans in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	26.75	34.78	16.67	34.78	19.32	30.43	37.26	0

Source: loan samples; 2010 U.S. Census data.

We did not evaluate CBNA's record of commercial lending in the non-MSA AA because the branch in Knox City generates primarily consumer loans.

### Geographic Distribution of Loans

The bank has reasonable dispersion among geographies of different income levels within its AAs and meets the standard for satisfactory performance. There were no conspicuous gaps in the bank's loan distribution. We noted satisfactory dispersion in residential real estate, commercial, and consumer lending although slightly below demographic level in low-income areas in the Abilene MSA AA.

### Abilene MSA AA

#### Residential Real Estate Loans

The geographic dispersion among residential real estate loans in the Abilene MSA AA is reasonable. The bank did not make any improvement or refinance loans in low-income census tracts; however it made 3 percent of purchase loans in low-income census tracts although only 1.68 percent of the owner occupied housing units are located in these areas. Penetration in moderate-income areas was much better with 24 percent of purchase loans, 41.7 percent of improvement loans, and 10 percent of refinance loans made in moderate-income census tracts while only 18.3 percent of owner occupied housing units are located in these areas. Refer to the following table for details.

Table 3 - Geographic Distribution of Residential Real Estate Loans in the Abilene MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Purchase	1.68	3.03	18.26	24.24	51.33	36.36	28.73	36.36
Improvement	1.68	0.00	18.26	41.67	51.33	16.67	28.73	41.67
Refinance	1.68	0.00	18.26	10.00	51.33	50.00	28.73	40.00

Source: HMDA; 2010 U.S. Census data.

### Commercial Loans

Geographic dispersion among commercial loans in the Abilene MSA AA is reasonable and similar to that of residential real estate in that the bank's dispersion is lower than the demographic level in low-income areas, but exceeds the demographic level in moderate-income areas. None of the business loans in our sample were to businesses in low-income areas; however, 25 percent of commercial loans in our sample were to businesses in moderate-income census tracts while only 21.8 percent of the businesses in the AA are located in moderate-income areas. Refer to the following table for details.

<b>Table 3A - Geographic Distribution of Loans to Businesses in the Abilene MSAAA</b>								
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 Real Estate	1.63	0.00%	21.83	25.00%	50.76	50.00%	24.92	25.00%

*Source: Loan samples; D & B data; 2010 US Census.*

### Consumer Loans

The geographic dispersion among consumer loans in the Abilene MSA AA is poor. None of the consumer loans in our sample were to consumers in low-income areas and while 20 percent of the loans in our sample were to borrowers in moderate-income areas, this is below the demographic level of 25.3 percent. This metric was given less weight in the overall evaluation because in the Abilene MSA AA, consumer loans are largely accommodation loans to existing commercial borrowers to finance personal property. Refer to the following table for details.

<b>Table 3B - Geographic Distribution of Consumer Loans in AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	2.20	0	25.30	20.00	50.77	35.00	21.74	45.00

*Source: loan samples; 2010 U.S. Census data.*

### **Non-MSA AA**

A geographic analysis cannot be performed for the non-MSA AA because there are no low- or moderate-income geographies.

### **Responses to Complaints**

CBNA did not receive any complaints or public comments regarding its CRA performance during this evaluation period.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): (01/24/12 to 0/14/17) Investment and Service Tests and CD Loans: (NA)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Citizens Bank, National Association (CBNA) Abilene, TX	1-4 family HMDA reported loans, commercial loans, consumer loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
<i>None</i>	NA	NA
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Abilene MSA AA Non-MSA AA	Full Scope Full Scope	HMDA, Commercial, Consumer HMDA, Consumer – We did not review commercial loans from the non-MSA AA due to limited number.

## Appendix B: Community Profiles for Full-Scope Areas

The bank’s AAs include the Abilene MSA and a three-county non-MSA. Community contact with a small business development organization that serves Abilene and surrounding areas confirmed that opportunities for small business, commercial, and agricultural lending in the area remain. The contact noted no significant concerns with the community’s credit needs going unmet and thought the local financial institutions were meeting the credit needs of qualified individuals and businesses in the area.

### Abilene MSA

The Abilene MSA AA includes the counties of Taylor, Jones, and Callahan. The Abilene MSA includes 47 CT; two are low-income, 11 are moderate-income, 23 are middle-income, 7 are upper-income, and 4 are not measured. CBNA has one location in Abilene, the main office. Abilene is located approximately 180 miles west of Dallas-Ft. Worth. The total population of the MSA, according to 2010 census data, is 165,252. Approximately 21.2% of the MSA’s families are considered low-income, 17.4% are moderate-income, 21.2% are middle-income, and 40.25% are upper income. Approximately 15% of households in the MSA are living below the poverty level. Refer to the following table for additional details on the MSA’s demographics.

Demographic Information for Full-Scope Area: Abilene MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	4.26%	23.4%	48.94%	14.89%	8.51%
Population by Geography	165,252	2.47%	23.75%	48.64%	21.82%	1.71%
Owner-Occupied Housing by Geography	39,809	1.68%	18.26%	51.33%	28.73%	0.00%
Businesses by Geography	10,576	1.63%	21.83%	50.76%	24.92%	.86%
Farms by Geography	618	.32%	14.72%	54.37%	30.58%	0.00%
Family Distribution by Income Level	40,747	1.99%	23.28%	49.01%	25.72%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,719	64.69%	60.40%	39.1%	15.79%	0.00%
Weighted Average Median Family Income	\$55,601	Weighted Average Median Housing Value				\$85,262
Weighted Average FFIEC Updated Median Family Income	\$57,700	Unemployment Rate				3.25%
Households Below the Poverty Level	9,131					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, and 2017 HUD updated MFI.

**Non-MSA AA**

The non-MSA AA is comprised of Knox, Haskell, and Runnels counties. The bank's only branch, located in Knox City, is in the non-MSA portion of the AA. 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 confirmed that lending and deposits in Runnels County remain minimal as they were at the last evaluation; it is primarily included in the AA due to CNBA's involvement in commercial loan participations there. These three counties include 8 CT; there are no low-or moderate-income CT, 7 middle-income CT, and one upper-income CT. The total population of this AA, according to 2010 census data, is 20,119. Approximately 15.5% of families in the AA are living below the poverty level and the unemployment rate is 7.02%. While the economy in the Abilene MSA has benefited from diversification away from the oil and gas sector, the surrounding counties remain largely dependent on oil and gas activity for employment. Refer to the following table for additional details on the non-MSA AA's demographics.

Demographic Information for Full-Scope Area: Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	8	0.00%	0.00%	87.50%	12.50%	0.00%
Population by Geography	20,119	0.00%	0.00%	93.11%	6.89%	0.00%
Owner-Occupied Housing by Geography	10,858	0.00%	0.00%	92.20%	7.80%	0.00%
Businesses by Geography	1,423	0.00%	0.00%	91.50%	8.50%	0.00%
Farms by Geography	427	0.00%	0.00%	82.44%	17.56%	0.00%
Family Distribution by Income Level	5,748	0.00%	0.00%	93.96%	6.04%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,582	0.00%	0.00%	96.48%	3.52%	0.00%
Weighted Average Median Family Income	\$52,076	Weighted Average Median Housing Value				\$52,567
Weighted Average FFIEC Updated Median Family Income	\$54,200	Unemployment Rate				7.02%
Households Below the Poverty Level	1,609					

(\*) The NA category consists of geographies that have not been assigned an income classification.  
 Source: 2010 U.S. Census, and 2017 HUD updated MFI.