

**PUBLIC DISCLOSURE**

January 8, 1996

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Citizens Bank  
416058  
10-08-1443**

**3300 West 72nd Avenue  
Westminster, Colorado 80030-0645**

**Federal Reserve Bank of Kansas City  
925 Grand Avenue  
Kansas City, Missouri 64198**

**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 Bank prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of January 8, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.*

### **INSTITUTION'S CRA RATING: This institution is rated Satisfactory**

In a manner consistent with its resources and capabilities, Citizens Bank's CRA performance is rated satisfactory. This satisfactory rating indicates the following: a reasonable loan-to-deposit ratio, location of a majority of loans within the bank's assessment area, a reasonable geographic dispersion of loans within the bank's assessment area, and a reasonable penetration of loans among individuals of different income levels (including low- and moderate-income) and businesses of different sizes. These loans help meet the credit needs identified during the examination.

The following table indicates the performance level of satisfactory with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA  | Citizens Bank PERFORMANCE LEVELS               |  |  |
|--|--|--|--|
|  | Exceeds Standards for Satisfactory Performance | Meets Standards for Satisfactory Performance | Does not meet Standards for Satisfactory Performance |
| Loan to Deposit Ratio  |  | X  |  |
| Lending in Assessment Area   |  | X  |  |
| Lending to Borrowers of Different Incomes and to businesses of Different sizes |  | X  |  |
| Geographic Distribution of Loans   |  | X  |  |
| Response to Complaints   | No complaints received since last examination  |  |  |
|  |  |  |  |

**DESCRIPTION OF INSTITUTION**

Citizens Bank has one location in the city of Westminster, Colorado. The September 30, 1995 Report of Condition ("Call Report") indicates total assets of \$40,414,000. The types of credit offered by the bank are as follows:

- Residential loans for single-family dwellings
- Residential loans for multi-family dwellings
- Housing rehabilitation loans
- Home improvement loans
- Small business loans
- Small Business Administration ("SBA") loans
- Community development loans
- Commercial loans

## Consumer loans

The September 30, 1995 Call Report indicates the following loan distribution:

| <u>Loan Type</u>            | <u>Amount<br/>In Thousands</u> | <u>Percent of<br/>Total Loans</u> |
|-----------------------------|--------------------------------|-----------------------------------|
| Real estate loans           | \$17,889                       | 72                                |
| Commercial loans            | 3,832                          | 16                                |
| Consumer loans              | 2,150                          | 9                                 |
| Other loans and obligations | 857                            | 3                                 |
| Less: Unearned income       | <u>(12)</u>                    | <u>-</u>                          |
| Total                       | <u>\$24,716</u>                | <u>100</u>                        |

### DESCRIPTION OF CITIZENS BANK-S ASSESSMENT AREA

The bank-s assessment is described as census tract numbers:

|       |       |       |        |        |        |       |       |
|-------|-------|-------|--------|--------|--------|-------|-------|
| 1.01  | 93.10 | 94.01 | 95.53  | 98.12  | 102.05 |       |       |
| 2.01  | 93.13 | 94.03 | 96.03  | 98.14  | 102.06 |       |       |
| 93.04 | 93.14 | 94.05 | 96.04  | 98.15  | 102.07 |       |       |
| 93.06 | 93.15 | 94.06 | 96.05  | 98.16  | 102.08 |       |       |
| 93.07 | 93.16 | 94.07 | 96.06  | 98.17  | 102.09 |       |       |
| 93.08 | 93.17 | 95.01 | 96.16  | 98.21  | 104.06 | 93.09 | 93.18 |
| 95.02 | 97.50 |       | 102.04 | 106.01 |        |       |       |

These census tracts are located in the cities of Denver, Arvada and Westminster, Colorado, which are part of the Denver Metropolitan Statistical Area ("MSA").

According to the 1990 census data, the population of these census tracts is 105,041. The low- and moderate-income market population of the bank-s assessment area is 42,661, or 40.6 percent. The average adjusted market median income for the Denver MSA is \$44,266.

The largest portion of the bank-s assessment area is in the city of Westminster, Colorado. Westminster is located in the northwestern part of the Denver metropolitan area. The city of Westminster is one of the fastest growing cities in the state of Colorado. According to the 1990 census, Westminster-s population grew to 74,625 in 1990, an increase of 48 percent since 1980. Approximately 50 percent of the city is undeveloped because of an aggressive annexation policy in the late 1970s and early 1980s. This undeveloped land has been a key to the growth of the 1990s. Community contacts involved in community development indicated there is a need for commercial loans and real estate loans.

Major employers located in the bank's assessment area include retailers in Westminster Mall, AT&T, St. Anthony North Hospital and School District 50.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

Citizens Bank's performance under CRA is considered satisfactory. Lending levels reflect good responsiveness to the most pressing community credit needs, particularly small business loans and real estate loans, which comprise the largest component of the bank's market.

The performance tests for small banks include an assessment of the bank's total loans as a percent of total deposits; an evaluation of loan volume within the assessment area; an assessment of geographic dispersion of loans throughout the assessment area; an evaluation of lending activity to borrowers of different income levels and businesses and farms of different sizes; and an assessment of the bank's responsiveness to complaints.

The loan-to-deposit ratio for Citizens Bank is reasonable given the bank's size and financial condition and the credit needs of the assessment area. The bank's average loan-to-deposit ratio for the period of October 1, 1994, through September 30, 1995, was 66 percent. This compared favorably with six other banks of similar size (\$25 million to \$100 million in total assets) that are located within seven miles of Citizens Bank. These five banks' average net loan-to-deposit ratios (for the same period) ranged from 46 percent to 69 percent. Citizens Bank's average loans-to-total assets ratio for the same period was 56 percent. This also compares favorably with approximately 50 banks of similar size in the Denver/Boulder metropolitan area, whose average is 55 percent.

A majority of the bank's total loan originations for 1995 are located within the bank's assessment area. A sample of 89 loans originated in 1995 was selected for review, to assist in determining the bank's CRA performance. The results indicated that 63 percent of the bank's loan originations and 64 percent of the dollar volume of these loans are to borrowers located in the bank's assessment area.

The distribution of loan originations across the bank's assessment area by income level of census tract is satisfactory. This analysis was completed using the same loan sample mentioned above, in conjunction with an analysis of the dispersion of loans within the various census tracts. Comparisons were made of the income level of the census tracts where borrowers resided to the average median family income within the bank's assessment area. This review showed the following dispersion of consumer loans:

| <u>Income Level<br/>of Census Tract</u> | <u>Consumer Real<br/>Estate Loans</u> | <u>Consumer Non-Real<br/>Estate Loans</u> |
|---|---------------------------------------|---|
| Low (<50% of median)                    | 0%                                    | 0%  |
| Moderate (50-80% of median)             | 15%                                   | 32%                                       |
| Middle (80-120% of median)              | 77%                                   | 59%                                       |
| Upper (>120% of median)                 | <u>8%</u>                             | <u>9%</u>                                 |
| TOTAL                                   | 100%                                  | 100%                                      |

The distribution of loan originations across the bank's assessment area by income level of borrowers is satisfactory. This analysis was also completed using the same loan sample mentioned above. Comparisons were made of borrowers' income levels to the average median income for the bank's assessment area. This review showed the following dispersion:

| <u>Income Level<br/>of Census Tract</u> | <u>Consumer Real<br/>Estate Loans</u> | <u>Consumer Non-Real<br/>Estate Loans</u> |
|---|---------------------------------------|---|
| Low (<50% of median)                    | 15%                                   | 23%                                       |
| Moderate (50-80% of median)             | 38%                                   | 45%                                       |
| Middle (80-120% of median)              | 32%                                   | 18%                                       |
| Upper (>120% of median)                 | <u>15%</u>                            | <u>14%</u>                                |
| TOTAL                                   | 100%                                  | 100%                                      |

All business loans reviewed were to businesses with less than \$1,000,000 in annual revenues. Further, all loan amounts were for less than \$1,000,000. Therefore, the loans reviewed were considered small business loans.

The bank has not received any complaints since the prior examination. Therefore, no assessment of the bank's performance in responding to complaints was made.

No violations of the substantive provisions of the antidiscrimination laws were identified. To ensure fair lending, the bank has adopted fair lending policies, procedures and training for bank employees.

Citizens Bank has maintained a satisfactory record of meeting the identified credit needs of its delineated communities, consistent with its size and financial condition. The types of credit offered by the bank demonstrate an affirmative effort on the part of bank management to ensure that community credit needs are met. Lending levels reflect good responsiveness to the most pressing community credit needs, particularly small business loans and real estate loans. Management and community contacts indicated that the primary community credit needs include small business loans as well as consumer and commercial real estate loans. According to the September 30, 1995 Call Report, the bank's loan portfolio consisted of 88 percent commercial loans and commercial and consumer real estate loans.