

PUBLIC DISCLOSURE

JUNE 16, 1997

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**CITIZENS BANK AND TRUST COMPANY
10-56-0520
561659**

**2000 MAIN STREET
TORRINGTON, WYOMING 82240**

**Federal Reserve Bank of Kansas City
925 Grand Boulevard
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.

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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 and Trust prepared by the Federal Reserve Bank of Kansas City, the institution's supervisory agency, as of June 16, 1997. The agency evaluates performance in assessment areas, as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION

INSTITUTION'S RATING: This institution is rated ***Satisfactory***.

Citizens Bank and Trust Company's overall performance with respect to the CRA is satisfactory based upon a review of the bank's lending performance, qualified investments, and services to its assessment area. Citizens Bank and Trust Company primarily serves its assessment area through direct lending. In addition, the bank has an adequate involvement in qualified investments and services. A high percentage of the bank's loans are within the assessment area, and the geographic distribution of loans reflects a reasonable penetration throughout the assessment area. Furthermore, the distribution of borrowers reflects, given the product lines offered, a satisfactory penetration among customers of all different income levels, including low- and moderate-income individuals, and to businesses and farms of varying sizes. Although the bank has participated in a minimal level of community development lending and exhibits a limited use of flexible lending and deposit practices, the bank shows a willingness to invest in community development investments and adequately provides services to its assessment area in relation to its resources and capabilities.

The bank's performance under the CRA was last evaluated at the June 26, 1995 examination, at which time it was considered Satisfactory also.

The following table indicates the performance level of Citizens Bank and Trust Company with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Citizens Bank and Trust Company		
	PERFORMANCE TESTS		
	Lending Test	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs Improvement			
Substantial Noncompliance			
* Note: The lending test is weighted more heavily than the investment and services test when arriving at an overall rating.			

DESCRIPTION OF INSTITUTION

The Citizens Bank and Trust Company, Torrington, Wyoming, is affiliated with Pinnacle Bancorp, Inc., Central City, Nebraska, and Pinnacle Bancorp, Iowa, Sioux City, Iowa (the Pinnacle Group). Although the bank is not a direct subsidiary of either Pinnacle Group, it shares common ownership. The holding company had assets of \$1,641,000 as of December 31, 1996. The Pinnacle Group owns 26 banks operating in Colorado, Iowa, Kansas, Nebraska, and Wyoming. A listing of the bank’s affiliates appears in Appendix A.

The bank has one full-service location within its assessment area located at 2000 Main Street, Torrington, Wyoming. In addition, the bank has two automated teller machines (ATMs). The first is located at the main bank and accepts deposits and payments, as well as dispenses cash. The second ATM, located in the Conoco Gas Station at Highway 85 and Main Street, is a cash dispenser only. As of March 31, 1997, Citizens Bank and Trust Company’s assets totaled \$77,446,000, of which 45 percent consisted of loans. The bank competes with three other banks in the assessment area, and its primary lending focus is agricultural loans.

DESCRIPTION OF ASSESSMENT AREA:

Citizens Bank and Trust Company has defined its assessment area as Goshen County, which is in the southeastern section of Wyoming. The county is comprised of six Block Numbering Areas (BNAs). Four of the BNAs are classified as moderate-income, while the remaining two BNAs are considered middle-income. The two middle-income BNAs are north of the North Platte River and consist mainly of dry land utilized for the production of alfalfa and hay. The majority of the water basin is in the southern portion of the county. Much of the area is farmland with small towns scattered throughout. The city of Torrington is the county seat and the largest community in the county.

As of the 1990 Census, there were 12,373 persons in the assessment area, with 5,651 persons in the city of Torrington. According to the Wyoming Division of Economic Analysis, as of July 1, 1996, the population of Goshen County had increased by 3 percent since the 1990 Census. Those individuals in the 65 and older age group have increased by 10 percent. Wyoming is experiencing an inflow of individuals from Colorado and California who are selling their property and moving away from the population congestion. This has resulted in an increase in Wyoming land values; however, it is still generally less expensive than in more heavily populated states. Also, there is no state income tax in Wyoming, and the cost of living in the Torrington area is low.

Torrington is located approximately 30 miles from Scottsbluff, Nebraska and is considered a bedroom community for that area. The major employers in Torrington are Holly Sugar Company with 450 employees; the County Public School System with 350 employees; Eastern Wyoming College with 313 employees; Torrington governments with 147 employees; the Goshen Community Hospital with 85 employees; and Goshen Care Center with 75 employees. The areas outside Torrington are mainly dependent on agriculture for employment.

The bank's assessment area is less affluent than the other areas of the state. As reported in the 1990 Census, the assessment area's median household income is \$21,750, compared to \$27,096 for all of Wyoming and \$26,884 for the nonmetropolitan areas of Wyoming. Moreover, comparison of the income distribution of households demonstrates a variance from other areas within the state. The percentage of households within the assessment area considered low- or moderate-income is 49 percent. In contrast, the percentage of households considered low- or moderate-income in the entire state of Wyoming, as well as in nonmetropolitan areas of Wyoming, is 40 percent. Furthermore, the percentage of households considered below the poverty level is 16 percent, which is higher than the state level of 12 percent and the nonmetropolitan area level of 13 percent.

According to the community contacts, agricultural and small business development

lending are the primary needs of the community. The following table depicts various assessment area characteristics based upon the 1990 U.S. Census data.

BANK ASSESSMENT AREA CHARACTERISTICS	
Tract Summary	
Total Number of Tracts	6
Number of Low-Income Tracts	0
Number of Moderate-Income Tracts	4
Number of Middle-Income Tracts	2
Number of Upper-Income Tracts	0
Income Summary	
Median Family Income	\$25,563
Percent Low-Income Families	26.9
Percent Moderate-Income Families	23.3
Percent Middle-Income Families	22.5
Percent Upper-Income Families	27.3
Unemployment Summary	
Labor Force Population (Assessment Area)	5,887
Percent Unemployment (Assessment Area)	7.6
Percent Unemployment (State)	5.8
Miscellaneous Information	
Total Population	12,373
Percentage of Households Below Poverty	16.3
Percentage of Housing Units Vacant	13.7

The following two tables summarize various demographic data for the area. The first table shows the population, number of families and households, and median incomes for each of the BNAs in the assessment area. The second table shows the percentage of families and households in the assessment area by low-, moderate-, middle-, and upper-income designations. All data are as of 1990.

1990 Demographics for Assessment Area Block Numbering Areas						
	9576	9577	9578	9579	9580	9581
Population	407	1,396	3,703	24,148	1,507	1,212
Number of Families	124	423	1,044	1,098	454	334
Number of Households	153	556	1,444	1,645	577	443
Median Family Income	\$38,000	\$25,284	\$24,428	\$29,202	\$24,954	\$20,000
Median Household Income	\$31,607	\$22,727	\$20,949	\$22,103	\$22,903	\$18,491

Percentage of Families and Households by Income Level (Relative to 1990 Median Incomes for Assessment Area)					
	Total Number	Percentage by Income Level			
		Low	Moderate	Middle	Upper
Families in Assessment Area (Based on median of \$25,563)	3,477	26.9	23.3	22.5	27.3
Households in Assessment Area (Based on median of \$21,750)	4,818	29.7	19.7	20.9	29.7

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The conclusions regarding the lending, investment, and service tests are summarized at the beginning of each section. Supporting information includes performance characteristics that are described in Appendix A of the regulation. In addition, the bank was compared to the other financial institutions in the assessment area. The competitive lenders have a wide range of asset sizes, structures, and service areas; however, the comparison serves as a contextual reference by which to evaluate the bank's performance in the lending, investment, and service tests under the CRA.

LENDING TEST

Citizens Bank and Trust Company has the ability to meet the credit needs of its assessment area based on its size, financial condition, and resources. The bank offers a reasonable number of credit products, and a review of loan originations revealed that a high percentage of the bank's lending occurs within its assessment area. In addition,

the distribution of borrowers reflects, given the products offered, reasonable penetration among retail customers of different income levels and agricultural and business customers of different sizes. Furthermore, the bank exhibits a satisfactory record of serving the credit needs of low- and moderate-income individuals, small businesses, and small farms in a manner consistent with safe and sound banking practices. The bank has not participated in community development lending, but has an adequate number of flexible lending practices.

Lending Activity

The bank is a lender in a primarily agricultural community. The bank's average loan-to-deposit ratio for the eight previous quarters was 49.5 percent, compared to the state peer of 61.4 percent and the national peer of 62.2 percent. (The peer groups consist of banks having assets between \$50 million and \$100 million with two or less banking offices and located in a nonmetropolitan area.) There was only one competitor bank within the assessment area in the same peer group. The bank's average loan-to-deposit ratio is lower than competitor banks in the assessment area, which have average loan-to-deposit ratios ranging from 54.6 to 71.0 percent. However, the bank's ratio has remained relatively constant over the last four quarters and is considered reasonable given the lower loan demand in the area, management's conservative lending philosophy, the institution's size and resources, the credit products the bank offers, and its efforts to meet assessment area credit needs.

The following table depicts the bank's loan portfolio, according to the March 31, 1997 Consolidated Reports of Condition and Income (Call Report).

THE BANK'S LOAN PORTFOLIO		
Loan Type	Amount (\$000)	Percent of Total
Multiple and 1- to 4-family real estate	4,131	12
Farmland or agricultural	18,274	52
Commercial	4,138	12
Nonfarm nonresidential	4,571	13
Consumer	3,330	9
Other	767	2
TOTAL	35,211	100

As shown in the above table, the bank's loan portfolio is concentrated in loans secured by farmland and for agricultural production. In addition, the commercial loan portfolio, which actually consists of "Commercial" and "Nonfarm Nonresidential" loans in the

above table, is a significant portion of the total outstanding dollar amount of loans at 25 percent.

Assessment Area Concentration

As evidenced in the table below, a substantial majority of the loans originated in 1996 were made within the bank's assessment area. Loans made outside the assessment area were primarily in nearby BNAs to the west and east. The analysis included the 72 real estate loans originated since the last examination. In addition, 100 percent of the business and agricultural loans originated from January 1 through December 31, 1996, were included in the analysis. Most of the bank's lending is concentrated in two of the six BNAs: 9579 and 9580. These are the tracts immediately surrounding the bank.

The residential mortgage loan figures were taken from the bank's trial balance. Data for small business and small farm loans were taken from the bank's 1996 report on small business and small farm lending.

LENDING IN/OUT OF ASSESSMENT AREA					
	Totals	In Assessment Area		Outside Assessment Area	
Loan Type	Number and Dollar	Number and Dollars	Percent of Total	Number and Dollars	Percent of Total
Residential Mortgage Loans:					
Number of Loans	72	63	88	9	12
Dollars Loaned (in thousands)	\$2,737	\$2,152	79	\$585	21
Business Loans:					
Number of Loans	187	186	99	1	1
Dollars Loaned (in thousands)	\$7,190	\$7,186	99	\$4	1
Farm Loans:					
Number of Loans	416	379	91	37	9
Dollars Loaned (in thousands)	\$21,996	\$20,135	92	\$1,861	8

As noted, a substantial majority of the dollar amount of loans occurs within the bank's assessment area. Even though the percentage of real estate loans within the assessment area is smaller than for the other types, it represents a small portion of the portfolio and, consequently, is weighted only slightly in the analysis.

Geographic Distribution of Loans

The bank’s assessment area contains four moderate-income and two middle-income BNAs, representing 67 percent and 33 percent of assessment area BNAs, respectively. The geographic distribution of loans reflects reasonable penetration throughout the assessment area. The table below demonstrates the penetration of moderate-income and middle-income BNAs, by product type, in the assessment area.

GEOGRAPHIC DISTRIBUTION OF LOANS BY INCOME LEVEL OF BNAs					
Type	Total Loans Reviewed	Moderate-income BNAs		Middle-income BNAs	
		Percent Of Loans Reviewed by Type	Percent Of Loan Amount by Type	Percent Of Loans Reviewed by Type	Percent of Loan Amount by Type
Residential	63	89	91	11	9
Small Business	186	36	45	65	55
Small Farm	379	69	67	31	33

A majority of the residential and agricultural loans in the assessment area are in moderate-income BNAs. The moderate-income BNAs comprise the majority of the agricultural area that is not dry land. In addition, residential loans are expanding outside the Torrington area and in the moderate-income BNAs as a result of the movement of families from Colorado to the Torrington area. Furthermore, a majority of the commercial loans are in middle-income BNA 9579, which contains the major portion of Torrington.

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

Residential Mortgage Loans:

The sample reflected a reasonable penetration among borrowers with low and moderate incomes, with the percentage of loans made to these borrowers similar to their representation within the assessment area. The data reflects that 50 percent of the families in the assessment area are low- and moderate-income families, while 43 percent of the loans were made to low- and moderate-income families. Conversely, the upper-income families represent 27 percent of the assessment area, while 43 percent of the loans were made to upper-income families. The increase in the upper-income category is a result of the influx of families from Colorado and California.

Residential Mortgage Loans by Borrower Income				
	Borrower's Income Level (Relative to 1990 Median Family Income)			
	Low	Moderate	Middle	Upper
Percentage of Loans	14	29	14	43
Percentage of Dollars Loaned	8	28	14	51
Percentage of Families in Assessment Area	27	23	22	27

Loans to Small Businesses:

The bank's 1996 small business/small farm loan report was used to determine the extent of lending to these entities. The review included 186 business loans totaling \$7,186,000. As the data below indicates, based on the amount of revenue, a majority of the commercial loans in the sample were made to small businesses, which are defined as those having gross revenues of \$1 million or less. Small businesses received 172 loans in the amount of \$5,300,000, which is 93 percent of the number of loans and 74 percent of the total loan amount. In addition, as shown in the second table, the distribution of loans reflects a substantial dispersion of loans under \$100,000 to small businesses.

Lending to Small Businesses				
	Number of Loans	Percent of Total	Amount (\$000)	Percent of Total
Loans to Small Businesses (Revenues 0-\$1million)	172	93	\$5,300	74
Loans to Large Businesses (Revenues over \$1 million)	14	7	\$1,886	26
TOTALS	186	100	\$7,186	100

By Size of Loan (In Thousands of Dollars)						
	0-\$100	\$101-\$250	\$251-\$500	\$500-\$1000	over \$1000	Total
Number of Loans	175	9	0	2	0	186

Percentage of Loans	94	5	0	1	0	100
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Loans to Small Farms:

The bank's 1996 small business/farm loan report was used to determine the extent of lending to these entities. The review included 416 agriculture loans totaling \$21,996,000. As the data below indicates, the majority of the agriculture purpose loans are being made to small farms. In addition, a majority of the loans are for small dollar amounts.

Lending to Small Farms					
	Number of Loans	Percent of Total	Amount (\$000)	Percent of Total	
Loans to Small Farms (Revenues 0 - \$1 million)	375	99	\$18,275	91	
Loans to Large Farms (Revenues over \$1 million)	4	1	\$ 1,860	9	
TOTALS	379	100	\$20,135	100	
By Size of Loan (In Thousands of Dollars)					
	\$100 and under	\$101-\$250	\$251-\$500	over \$500	Total
Number of Loans	328	36	14	1	379
Percentage of Loans	87	9	3	1	100

Community Development Loans

Community development lending opportunities are limited within the bank's assessment area. The bank has not participated in any community development lending since the last examination.

Product Innovation and Flexible Lending

Loan products offered by the bank are those typically offered by banks of similar size and location and, thus, are not regarded as exceptionally innovative in terms or

assisting low-income persons or very small businesses and farms.

The bank uses flexible lending practices in order to serve the assessment area credit needs. Since the last examination, the bank originated nine loans in the amount of \$628,416 through the Farm Services Agency (FSA) Subordination Program. These loans are for small farmers who are unable to qualify for direct bank credit and need funding for operation expenses. The FSA subordinates its lien position, thus giving the bank a first-lien position in farm assets and income. Furthermore, Citizens Bank and Trust Company has originated two small farm loans in the amount of \$128,000 in conjunction with the FSA Guaranteed Loan program and five small business loans in the amount of \$425,766 in conjunction with Small Business Administration (SBA) loan program.

The bank prepared documents and closed 14 loans in the amount of \$796,285 through the Wyoming Community Development Authority for the purchase of residential property by low-income individuals. The loans were originated for Wallick and Volk Mortgage Company in Cheyenne, Wyoming. Furthermore, the bank has prepared documents and closed four Veteran Affairs (VA) loans in the amount of \$213,180 and two Federal Housing Authority (FHA) loans in the amount of \$108,640.

INVESTMENT TEST

Citizens Bank and Trust Company exhibits an adequate level of participation in qualified community development investments and grants. However, the bank is rarely in a leadership position in this regard, nor does it routinely provide investments not provided by private investors. The bank has responded adequately to community development needs.

There are few opportunities for the bank to make qualified investments. The bank participates in community development through involvement in local bond issues and grants from the Rural Development Plan for Revolving Loan Program through the United States Department of Agriculture.

Since the last examination, the bank has participated in one qualified investment through the United States Department of Agriculture. The bank is part of a consortium and has an outstanding loan commitment in the amount of \$480,000 through the Rural Development Plan for the development of the Goshen Care Center. In addition, the bank issued the required letter of credit in the amount of \$480,000 for the project. The Goshen Care Center is a county-owned care facility for elderly members of Goshen County. Residents qualify as low- or moderate-income individuals. Presently, approximately 85 percent of the residents are Medicare or Medicaid recipients. The loan proceeds will be used to construct a new 78-unit facility connected to the Goshen

County Hospital that will replace the current facility which does not meet the Americans With Disabilities Act codes.

Furthermore, the bank has participated in bond issues that are considered qualified investments under CRA. In addition to the previously mentioned commitment, the bank has purchased bonds in the amount of \$370,000 which represent the guaranteed portion of the Goshen Care Center development.

SERVICE TEST

Based upon its size and resources, the bank adequately delivers retail banking services that are reasonably accessible to the community. Services do not vary in a way that inconveniences certain portions of the community, particularly low- and moderate-income individuals. Also, the bank is providing innovative retail products that adequately serve the bank's assessment area.

Retail Banking Services

The Citizens Bank and Trust Company's only full-service office is reasonably accessible to those portions of the assessment area most likely to conduct business in Torrington. Lobby hours are 9:00 a.m. to 3:00 p.m. on Monday through Thursday, 9:00 a.m. to 4:00 p.m. on Friday, and 8:30 a.m. to 11:30 a.m. on Saturday. Drive-up hours are 7:30 a.m. to 4:30 p.m. on Monday through Thursday, 7:30 a.m. to 6:00 p.m. on Friday, and 8:30 a.m. to 11:30 a.m. on Saturday. In addition, the bank has two ATMs. The first is located at the main bank and the second ATM is located in the Conoco Gas Station at Highway 85 and Main Street.

The bank has not closed any offices and there are no plans to add any additional facilities in the future.

Citizens Bank and Trust Company offers an adequate number of innovative products to serve its community. In addition to telephone and bank-by-mail, the bank has originated 171 low-cost truncated checking accounts and 131 Telebanking accounts. Telebanking is an automated banking program that allows for 24-hour access to accounts. The bank has issued 279 VISA debit cards and 135 ATM cards which allow for 24-hour cash availability. Citizens Bank and Trust Company has opened 242 certificates of deposit with balances of \$1,000 or less. These allow for investment opportunities and a greater investment return for low- and moderate-income individuals.

Community Development Services

Citizens Bank and Trust Company provides an adequate level of community development services. A bank officer serves on the board of the Goshen County Economic Development Committee, which attempts to attract new business to the area. However, the organization does not limit itself to small businesses. The bank also provides meeting space for local community groups. The facilities were utilized by the Torrington Landlords Association regarding the development of low-income housing projects. In addition, the bank sponsored a Home Ownership Information Forum to provide low- and moderate-income individuals with information on preparing for a home purchase.

APPENDIX A

SCOPE OF EXAMINATION Citizens Bank and Trust Company		
TIME PERIOD REVIEWED		06/27/95 - 06/16/97
FINANCIAL INSTITUTION		
NAME		PRODUCTS REVIEWED
Citizens Bank and Trust Company Torrington, Wyoming		Residential Mortgage Loans Small Business Loans Small Farm Loans
AFFILIATES		AFFILIATE RELATIONSHIP
Archer, Inc., Central City, NE Osceola Insurance, Inc., Central City, NE First National Bank of Osceola, Osceola, NE Pinnacle Bancorp, Inc., Central City, NE The First Security Bank of Craig, Craig, CO The First Security Bank, Fort Lupton, CO Bank of Colorado - Western Slope, Grand Junction, CO Bank of Colorado - Front Range, Windsor, CO First National Bank, Abilene, KS The Farmers State Bank and Trust Company, Aurora, NE Crete State Bank, Crete, NE Farmers State Bank and Trust Company, Lexington, NE Havelock Bank, Lincoln, NE First United Bank, Neligh, NE State Bank, Palmer, NE Pinnacle Bank, Papillion, NE Schuyler State Bank and Trust Company, Schuyler, NE The First National Bank, Shelby, NE Western Bank of Cody, Cody, WY First Security Bank, Newcastle, WY Gretna State Bank, Gretna, NE		Bank holding company Subsidiary BHC Subsidiary of same BHC as bank Affiliated BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Subsidiary affiliate BHC
PRODUCTS REVIEWED		
Affiliate products were not reviewed nor taken into account in evaluating Citizens Bank and Trust Company's performance.		

AFFILIATES	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
First National Bank, Worland, WY Central Grain, Inc., Central City, NE Farmers National Bank of Central City, Central City, NE Dinsdale Brothers, Inc., Central City, NE First Security Bank, Mitchell, NE The First National Bank of Wisner, Wisner, NE Guaranty Corporation, Denver, CO Guaranty Bank and Trust Company, Denver, CO Pinnacle Bancorp, Iowa, Sioux City, IA Morningside Bank and Trust, Sioux City, IA	Subsidiary affiliate BHC Affiliated BHC Subsidiary affiliate BHC Affiliated BHC Subsidiary affiliate BHC Subsidiary affiliate BHC Affiliated BHC Subsidiary affiliate BHC Affiliated BHC Subsidiary affiliate BHC	

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION

ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHE S VISITED	OTHER INFORMATION
Goshen County (15), Wyoming BNAs: 9576 9577 9578 9579 9580 9581	On-site	Not Applicable	