

PUBLIC DISCLOSURE

June 19, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Citizens Deposit Bank & Trust
400 Second Street
Vanceburg, Kentucky 41179
RSSD #344816

Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, OH 44101-1387

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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INSTITUTION'S CRA RATING

A rating of **Outstanding** is assigned to CRA at this institution.

The major factors and criteria contributing to this rating include:

- A reasonable loan-to-deposit ratio considering competition of larger lenders in the area;
- A substantial majority of loans and other lending-related activities are in the assessment area;
- An excellent geographic distribution of loans dispersed throughout the assessment area;
- An excellent penetration among individuals of different income levels and businesses and farms of different revenue size; and
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous CRA examination as of June 17, 2002 resulted in a "Satisfactory" performance rating.

DESCRIPTION OF INSTITUTION

Citizens Deposit Bank & Trust, Inc. ("Citizens") is a full-service retail bank in Vanceburg, Kentucky, a rural community bordering the Ohio River. In addition to its main office, Citizens has seven branches within its two assessment areas. A more detailed discussion of the bank's operations is within the assessment area description of this public evaluation.

Citizens is the lead bank subsidiary of Premier Financial Bancorp ("Premier"), a financial holding company with total assets of \$525,324 million as of December 31, 2005. In addition to Citizens, Premier's other banking subsidiaries include First Central Bank, Boone County Bank, Ohio River Bank, and Farmers Deposit.

Citizens' average assets are \$118.4 million for the period ending December 31, 2005. Average assets increased from \$80.4 million for the same quarter of the previous year, mainly attributed to the merger with the Bank of Germantown, an affiliate bank.

Citizens' market area has been expanded significantly since the previous CRA evaluation to include two assessment areas. The two assessment areas contain thirteen census tracts since Citizens began servicing upper income areas (includes larger, more sophisticated competitors in these geographies). Previously, the one assessment area consisted of four (three moderate and one middle-income tracts) extremely rural block numbering areas of Lewis County.

Throughout 2005, Citizens' strategic initiatives included expanding its market segment along the Ohio River corridor. The Bank of Germantown was merged into Citizens in January of 2005. This was the first initiative to extend the bank's overall market area. Entering Bracken County, which is part of a larger MSA, triggered Home Mortgage Disclosure Act reporting for the bank starting in 2006, which is not part of this review period.

Additionally, the bank opened a branch during December 2005 in Maysville. This introduced Citizens to the upper-income geographies for the first time and completed their expansion along the Ohio River corridor from Lewis County to Bracken County, adding Mason and Roberston Counties to the bank's Non-MSA Assessment Area.

The two assessment areas consist of five moderate-income, six middle-income, and two upper-income tracts in Kentucky. There are no low-income census tracts in either assessment area. The two assessment areas are the Kentucky non-metropolitan statistical area and a portion of the Cincinnati-Middletown OH-KY-IN MSA assessment area. The county and census tract breakdown is:

- **Kentucky Nonmetropolitan Statistical Area** – Lewis, Mason, and Robertson Counties. Ten census tracts (two moderate-income, six middle-income, and two upper-income)
- **Cincinnati-Middletown OH-KY-IN MSA** – Bracken County. Three moderate-income tracts.

According to the FDIC Summary of Deposits¹ as of June 30, 2005, Citizens' overall deposit share in the four-county area is 21.24%, which ranks Citizens second in market share. It should be noted that Citizens is a small bank with assets of less than \$250 million. A few of the bank's major competitors within the four-county area are financial institutions with assets of more than \$250 million. Competitors include, but are not limited to, US Bank NA, Bank of Maysville, First National Bank of Brooksville, Integra Bank NA, Security Bank and Trust Company, and First Community Bank.

Loans constitute approximately 68.00% of total assets, with residential real estate loans accounting for 81.13% of the loan portfolio. The remainder of the loan portfolio consists of commercial, agricultural, and consumer loans representing 8.25%, 0.90%, and 9.44%, respectively. The composition of the loan portfolio according to the March 31, 2006, December 31, 2005, and December 31, 2004 Consolidated Reports of Condition and Income is:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2006		12/31/2005		12/31/2004	
	\$ (000s)	%	\$ (000s)	%	\$ (000s)	%
Construction and Land Development	1,736	2.24	1,510	1.94	249	.40
Secured by Farmland	5,627	7.27	5,853	7.51	2,199	3.54
1-4 Family Residential	30,348	39.22	28,986	37.18	22,474	36.15
Multi-Family (5 or more)						
Residential	61	.08	43	0.06	0	0.0
Commercial	24,647	31.85	27,121	34.79	25,165	40.48
Total Real Estate Loans	62,419	80.67	63,513	81.48	50,087	80.57
Commercial and Industrial	6,985	9.03	6,667	8.55	4,712	7.56
Agricultural	651	.84	668	.86	445	.72
Consumer	6,909	8.93	6,713	8.61	6,898	11.10
Other	412	.53	391	.50	23	.04
Less: Unearned Income	0	0.0	0	0.0	0	0.0
Total Loans	77,376	100.00	77,952	100.0	62,165	100.0

Citizens is primarily a retail lender offering a variety of deposit and credit products. The table reveals that the most significant loan growth by dollar amount since December 31, 2004 was in 1-4 family residential real estate loans, which grew \$7.87 million (35.04%), followed by farmland secured by real estate loans, which grew \$3.43 million (155.89%). Also, significant loan growth by dollar amount occurred since December 31, 2004 in commercial and industrial loans, which grew \$2.27 million (48.24%), followed by construction and land development real estate loans, which grew \$1.49 million (597.19%). All other categories experienced increases in dollars outstanding since December 31, 2004, except for commercial real estate loans, which experienced a decline of 2.06%.

¹ www3.fdic.gov/sod

The following table presents several key financial ratios. Citizens had a return on average assets (“ROAA”) of 1.57%, as of December 31, 2005, which is higher than the peer group average of 1.21%. The bank’s Net Loans & Leases to Total Deposit ratio of 74.91% is slightly below the peer norm of 79.54%. The peer group for Citizens is banks with three or more banking offices, located in a non-metropolitan area, with assets between \$100 and \$300 million.

Key Financial Ratios As of December 31, 2005	
Return of Average Assets	1.57%
Net Loans & Leases to Average Assets	68.05%
Investments to Average Assets	25.84%
Total Deposits to Average Assets	85.38%
Net Loans & Leases to Total Deposits	74.91%
1-4 Family Residential Loans to Average Loans	35.64%
Consumer Loans to Average Loans	9.44%
Commercial Loans to Average Loans (includes loans secured by RE)	45.12%
Agricultural Loans to Average Loans (includes loans secured by farmland)	7.69%

Based on Citizens’ asset size and financial condition, the bank appears to have the ability to meet the credit needs of its assessment area. Citizens competes with several national and regional financial institutions in providing retail banking services within its assessment area, but there are no legal or other impediments that would hamper the bank’s ability to meet the community’s credit needs.

SCOPE OF EXAMINATION

Data collected for this examination includes loan data from January through December 2005, which was reviewed to determine the geographic distribution of the bank's lending and distribution of loans to borrowers of different incomes and businesses and farms of different revenue size.

Within the non-MSA assessment area, the analysis was conducted on mortgage, consumer, small business, and small farm loans. Consumer loans include motor vehicle, consumer secured and unsecured loans, and home equity loans. The category of consumer unsecured loans is comprised of, but not limited to, personal loans.

Within the Cincinnati-Middletown OH-KY-IN MSA (17140) the analysis was conducted only on consumer loans, which consisted of motor vehicle, consumer secured and unsecured loans, and home equity loans. There were not enough home mortgage loans during this review period to be statistically significant. Further, small business and small farm loans in this assessment area were not reviewed because of a lack of volume.

This evaluation looks at the lending practices in both areas; however, more weight is placed on the bank's lending practices in its non-MSA assessment area. It is noted that there are no low-income geographies within the bank's assessment area. Also, there are only three census tracts in Bracken County, all of which are moderate-income tracts. Therefore, a geographic analysis would not be meaningful and only a borrower distribution in that assessment area is used. Finally, consideration was given to the size of the institution, lending opportunities within the assessment area, and competition with other institutions.

Table 1 in Appendix A provides key demographic information used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular portions of the analysis.

DESCRIPTION OF ASSESSMENT AREAS

Citizens' two assessment areas are comprised predominately of the Kentucky non-metropolitan statistical area (ten of thirteen census tracts) and the remaining three census tracts in the Cincinnati-Middletown OH-KY-IN metropolitan statistical area. Six of the eight branches are in the non-metropolitan statistical area. The population of the three counties (Lewis, Mason, and Robertson) comprising the Kentucky non-MSA is 33,158 and the population within the one county (Bracken) of the Cincinnati-Middletown OH-KY-IN MSA is 8,279.

The Cincinnati-Middletown, OH-KY-IN metropolitan statistical area consists of Dearborn County, IN; Franklin County, IN; Ohio County, IN; Boone County, KY; Bracken County, KY; Campbell County, KY; Gallatin County, KY; Grant County, KY; Kenton County, KY; Pendleton County, KY; Brown County, OH; Butler County, OH; Clermont County, OH; Hamilton County, OH; and Warren County, OH. However, Citizens' assessment area only includes Bracken County, KY.

The four counties are located along the Ohio River corridor and all are primarily rural, farming areas. The following section details the performance context for each assessment area.

Kentucky Nonmetropolitan Statistical Area

Performance Context

Assessment Area Changes

This assessment area has increased significantly from one county (Lewis) to include the three counties of Lewis, Mason, and Robertson. The opening of the Maysville branch in December 2005 increased Citizens' presence in the upper-income areas, which previously were dominated by larger, regional institutions. However, the impact of this branch has yet to be realized and population and other demographic comparisons to the prior evaluation would not be meaningful.

Demographic Characteristics

According to the 2000 U.S. Census, the population within Citizens non-MSA assessment area is 33,158 persons, of which 94.47% are white, 3.94% are black, 0.73% are Hispanic, 0.26% are Asian, 0.42% are American Indian, and the remaining 0.16% are identified as Hawaiian Pacific Islander or other race not-Hispanic or two plus race.

Income Characteristics

Since this assessment area is not in a metropolitan statistical area, this categorization of the borrower's income is determined relative to the statewide non-metropolitan median family income, which is \$32,844 as of 2000. This is considerably lower than the overall Commonwealth of Kentucky median family income of \$40,939; by comparison, the non-metropolitan median family income of the bank's assessment area is \$32,087. Within this assessment area, there are 9,412 family households with 23.8% low-income, 17.4% moderate-income, 18.8% middle-income, and 40.0% upper-income. Of these families, 17.8% have incomes below the poverty level.

Housing Characteristics

According to the 2000 Census, there were 14,961 housing units in the non-metropolitan assessment area, of which 74.9% were one-to-four family units and 19.5% were mobile homes. Additionally, 64.8% of the housing units in this assessment area were owner-occupied while 12.2% were vacant. The median age of the housing stock is 32 years, which is older than the Kentucky non-MSA at 26 years and the Commonwealth of Kentucky at 27 years. U.S. Census data indicates that the assessment area's median housing value is \$56,164, which is slightly below the Kentucky non-MSA at \$58,494 and the Commonwealth of Kentucky at \$79,600. In addition, the 2000 Census data revealed that a higher percentage of housing units in the middle-income census tracts are owner-occupied than in the moderate- or upper-income census tracts. Because of this greater concentration, the majority of home mortgage lending would be expected in these tracts.

Employment Statistics

A review of data from the Workforce Kentucky² as of 2005 indicates that services, utilities trade and transportation, and state and local government are the largest industries in the assessment area. The unemployment rates for the three counties in this assessment area as of April 2006 are Lewis 8.8%, Mason 5.6%, and Robertson 4.8%. The state unemployment rate for the same period is 5.9%. Historically, Lewis County has had the one of the highest unemployment rates in the Commonwealth of Kentucky.

Business Characteristics

The demographic table in Appendix A provides key demographic business and farm data by census tracts within Citizens' assessment area. The information for 2005 illustrates that 811 businesses (86.0%) in the bank's assessment area had total revenues less than \$1 million and, therefore, are considered small businesses. In addition, 144 farms (100.00%) in the bank's assessment area had total revenues less than \$1 million and are considered small farms.

Cincinnati-Middletown OH-KY-IN Metropolitan Statistical Area (17140)

Performance Context

Assessment Area Changes

This assessment area was added to Citizens' market area with the merger of the Bank of Germantown in January 2005 and, therefore, population and other demographic comparison to the previous evaluation would not be meaningful.

Demographic Characteristics

According to the 2000 U.S. Census, the population within Citizens' MSA assessment area is 8,279 persons, of which 98.2% are white, 0.68% are black, 0.47% are Hispanic, 0.07% are Asian, 0.43% are American Indian, and the remaining 0.15% are identified as Hawaiian Pacific Islander or other race not-Hispanic or two plus race. Of note, 55.1% of the families in the MSA assessment area are classified as families with low-or moderate income.

² www.workforcekentucky.ky.gov

Income Characteristics

The 2000 metropolitan statistical area median family income is \$54,771. This is considerably higher than the overall Commonwealth of Kentucky median family income of \$40,939. By comparison, the median family income of the bank's assessment area is \$40,410.

Within this assessment area, there are 2,343 households that are families. Of the total families, 28.2% are low-income, 26.9% are moderate-income, 23.3% are middle-income, and 21.6% are upper-income. Of these families, 7.6% have incomes below the poverty level.

Housing Characteristics

According to the 2000 Census, there were 3,715 housing units in the MSA assessment area, of which 70.2% were one-to-four family units and 25.3% were mobile homes. Additionally, 66.8% of the housing units in this assessment area were owner-occupied, while 13.1% were vacant. The median age of the housing stock is 35 years compared to the MSA at 26 years and the Commonwealth of Kentucky at 27 years. U.S. Census data indicates that the assessment area's median housing value is \$68,279, which is below the MSA at \$112,474 and slightly below the Commonwealth of Kentucky at \$79,600.

Employment Statistics

A review of data from the Workforce Kentucky³ as of 2005 indicates that state and local government, services, utilities, trade, and transportation are the largest industries in the assessment area. The unemployment rate for the one county (Bracken) in this assessment area as of April 2006 is 4.8%. The state unemployment rate for the same period is 5.9%.

Business Characteristics

The demographic table in Appendix A provides key demographic business and farm data by census tracts within Citizens' assessment area. The information for 2005 illustrates that 188 businesses (90.4%) in the bank's assessment area had total revenues less than \$1 million and, therefore, are considered small businesses. In addition, 59 farms (100.00%) in the bank's assessment area had total revenues less than \$1 million and are considered small farms.

3 www.workforcekentucky.ky.gov

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The general purpose of CRA is to encourage banks to meet the credit needs in their assessment area while operating safely and soundly. To understand the bank's lending activity, its loan-to-deposit ratio is reviewed to assess willingness to meet the area's demand for credit.

Citizen's net loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The average loan-to-deposit ratio is 81.01% since the previous evaluation. The ratio has fallen dramatically from 93.21% as of September 30, 2002 to 73.56% as of June 30, 2006. While declining, the ratio is only slightly below the national peer group average of 79.33%. The reduction primarily is due to a shift in funding strategy of bank management to focus on core deposits. Contributing to this shift is the reduction of out-of-area lending and focus on the local assessment area.

Loans Inside and Outside the Assessment Areas

CRA emphasizes the importance of banks serving the convenience and credit needs of individuals and small businesses in the assessment area. By extending credit in their assessment areas, banks fulfill a financial need of the community. This evaluation includes a review of the loans in and outside the bank's assessment area.

The following table provides assessment area lending information used in analyzing the bank's CRA performance for loans originated January through December 2005. As illustrated in the table, a substantial majority of loans, by both number and dollar amount, were originated inside the bank's assessment area. The small business loans within the assessment area appear slightly lower than the other loan products. This anomaly can be attributed to the bank classifying some small business loans as out-of-area when the loan proceeds were used for property within the assessment area. Another factor contributing to the small business anomaly is Citizens' participations with affiliated banks. This level of lending inside the assessment area indicates the bank's willingness to serve the credit needs of its assessment area.

Citizens Deposit Bank & Trust January – December 2005								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000's)	%	# of Loans	%	\$ (000's)	%
Consumer	570	88.5	5,050	79.7	74	11.5	1,283	20.3
Home Mortgages	113	85.0	6,030	74.3	20	15.0	2,089	25.7
Small Loans to Business	85	64.4	4,788	39.3	47	35.6	7,396	60.7
Small Loans to Farms	34	89.5	630	95.6	4	10.5	29	4.4
Total	802	84.7	16,498	60.4	145	15.3	10,797	39.6

Geographic Distribution of Loans

To assess Citizens' performance with this criterion, mortgage, consumer, small business, and small farm loans originated within the bank's assessment areas were analyzed. The analysis of the geographic distribution compares the distribution of the loans throughout the assessment areas with available demographic information.

The overall geographic distribution of loans made within the assessment areas is excellent. Although there are no low-income geographies, all loan products reviewed were either comparable or exceeded their respective proxies, especially in the moderate-income geographies. Reference the specific assessment area reviews for more detailed analysis.

Borrower Distribution

To assess Citizens' performance relative to this criterion, mortgage, consumer, small business, and small farm loans originated within the bank's assessment areas were analyzed. For the analysis, the distribution of mortgage and consumer lending by borrower income level and small business and small farm lending by revenue size was compared with available demographic information.

Citizens has an excellent penetration among individuals of different income levels and excellent penetration among businesses and farms of different revenue sizes throughout their assessment areas. Again, Citizens either met or exceeded the respective proxies for all loan products reviewed when consideration is given to the performance context. Reference the specific assessment area reviews for a more detailed analysis.

Complaints

Neither Citizens nor the Federal reserve Bank of Cleveland has received any complaints regarding the bank's performance under the Community Reinvestment Act.

Compliance with Antidiscrimination Laws

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. The bank's loan policy contained an Equal Credit Opportunity Act statement. The bank has implemented fair lending policies, procedures, and training programs, and regularly conducts internal reviews for compliance with policies and procedures. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending. Additionally, there was no evidence of any prohibitive lending practices.

Community Contacts

One community contact was conducted in conjunction with this evaluation.

NONMETROPOLITAN AREA

Kentucky Non-metropolitan Statistical Area (Lewis, Mason, and Robertson Counties)

Citizens operates six of its eight locations and one stand-alone full service ATM within this assessment area. This assessment area includes the counties of Lewis, Mason, and Robertson, which consist of 10 of the 13 census tracts in Citizens’ market segment. There are two moderate-income, six middle-income, and two upper-income tracts. Because a majority of Citizens’ operations are within this assessment area, lending in the area receives more weight.

More details of the Kentucky non-metropolitan statistical area can be found in the assessment area description section of this report.

Conclusion with Respect to Performance Context

Geographic Distribution

Geographic Distribution of Residential Real Estate Loans

The bank originated 37.1% of its real estate loans in the moderate-income geographies, far exceeding the 18.7% demographic proxy of owner occupied units. The bank originated 53.6% of its real estate loans in the middle-income geographies, which almost met the 57.7% proxy of owner occupied units. The remaining 9.3% of real estate loans were originated in the upper-income geographies which fell far short of the 23.5% proxy.

The lower percentage of loans in the upper-income geographies can be attributed to Citizens’ recent introduction to these upper-income tracts and competitive factors from larger, more sophisticated institutions in these geographies. This level of performance is excellent when compared to the percentage of owner occupied units within the moderate-income geographies.

Geographic Distribution of Residential Real Estate Loans January – December 2005								
Assessment Area	Total Real Estate Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% Owner Occupied Units	% Bank Loans	% Owner Occupied Units	% Bank Loans	% Owner Occupied Units	% Bank Loans
Non-MSA	97	85.8	18.7	37.1	57.7	53.6	23.5	9.3

Geographic Distribution of Consumer Loans

The bank originated 39.8% of its consumer loans in moderate-income geographies, exceeding the demographic proxy of 18.1% families and 52.7% of its consumer loans in the middle-income geographies, which is slightly below the 57.1% proxy of families. The remaining 7.6% of the consumer loans were originated in the upper-income geographies fell far below the 24.7% proxy. Again, the lower percentage of loans in the upper-income geographies can be attributed to Citizens’ recent introduction to these upper-income tracts and competitive factors from larger, more sophisticated institutions in these geographies.

This level of performance is excellent when compared to the percentage of families within the moderate-income geographies.

Geographic Distribution of Consumer Loans January – December 2005								
Assessment Area	Total Consumer Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Families	% Bank Loans	% of Families	% Bank Loans	% of Families	% Bank Loans
Non-MSA	490	85.9	18.1	39.8	57.1	52.7	24.7	7.6

Geographic Distribution of Small Business Loans

The table below indicates that 41.8% of the bank's small business lending was originated in the moderate-income geographies, which contained 16.8% of the assessment area's total businesses and 15.8% of businesses with revenue under \$1 million. In addition, 43.3% of small business loans were originated in the middle-income geographies, which contained 35.4% of the assessments areas total businesses and 36.9% of businesses with revenue under \$1 million. Further, 14.9% of the small business loans were originated in upper-income geographies, which contained 47.8% of the assessment areas total businesses and 47.3% of businesses with revenue under \$1 million. As stated previously, the lower percentage of loans in the upper-income geographies can be attributed to Citizens' recent introduction to these upper-income tracts and competitive factors from larger, more sophisticated institutions in these geographies.

This geographic distribution of small loans to businesses reflects an excellent distribution of lending.

Geographic Distribution of Small Business Loans January – December 2005								
Assessment Area	Total Small Business Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans
Non-MSA	67	87.0	15.8	41.8	36.9	43.3	47.3	14.9

Geographic Distribution of Small Farm Loans

All farms within this assessment area are farms with revenues under \$1 million. According to the following table, 34.6% of the bank's small farm lending was originated in the moderate-income geographies, which contained 38.9% of farms with revenue under \$1 million. The origination of 57.7% small farm loans in the middle-income geographies exceeds the 44.8% of farms with revenue under \$1 million proxy. The remaining 7.7% of the bank's small farm lending was originated in upper-income geographies and fell below the 16.3% proxy due to Citizens' recent introduction to these upper-income tracts and competitive factors from larger, more sophisticated institutions in these geographies.

This geographic distribution of small loans to farms reflects a reasonable distribution of lending.

Geographic Distribution of Small Farm Loans January – December 2005								
Assessment Area	Total Small Farm Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Farms	% Bank Loans	% of Farms	% Bank Loans	% of Farms	% Bank Loans
Non-MSA	26	76.4	38.9	34.6	44.8	57.7	16.3	7.7

Borrower Distribution

Residential Real Estate Lending to Borrowers of Different Incomes

Citizens' distribution of residential lending by income level of borrowers indicates excellent penetration among individuals of different incomes, including low- and moderate-income levels. Of the 97 residential real estate loans originated in this assessment area during the review period, four had missing income information. According to the chart below, 14.4% of the residential real estate loans were originated to low-income families where low-income families represent 23.8% of total families. Within this assessment area, families below the poverty level represent 17.8%. While families below the poverty level are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and may not qualify for residential real estate loans. Considering the poverty, data the bank is exceeding this proxy. Citizens originated 17.5% of the residential loans to moderate-income families, which is comparable to the 17.4% proxy.

Citizens participates in a program within this assessment area that offers flexible lending home-purchase and home-improvement programs benefiting low-and moderate income borrowers.

These levels are excellent considering the demographics and competition of the assessment area.

Borrower Distribution of Residential Real Estate Loans January – December 2005										
Assessment Area	Total Real-Estate Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% Families	% Bank Loans	% Families	% Bank Loans	% Families	% Bank Loans	% Families	% Bank Loans
Non-MSA	97	85.8	23.8	14.4	17.4	17.5	18.8	17.5	40.1	46.4

* 4.1% of the bank's real estate loans had no income reported.

Consumer Lending to Borrowers of Different Incomes

Citizens’ distribution of consumer lending by income levels of borrowers reflects excellent penetration among individuals of different incomes, including low- and moderate-income levels. Of the 490 consumer loans originated in the assessment area during the review period, 188 (38.4%) were missing income information. However, there were enough consumer loans with income reported to be statistically representative of the universe. According to the following table, the bank originated 13.1% of the consumer loans to low-income borrowers and 14.9% were to moderate-income borrowers. Low- and moderate-income households represent 25.3% and 15.9%, respectively, of total households in the assessment area. Total households below poverty level within this assessment area account for 21.4%. Again, while households below poverty are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and may not qualify. Considering this demographic statistic in the performance context, this level of consumer lending is considered excellent.

Borrower Distribution of Consumer Loans January – December 2005										
Assessment Area	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% Households	% Bank Loans	% Households	% Bank Loans	% Households	% Bank Loans	% Households	% Bank Loans
Non-MSA	490	85.9	25.3	13.1	15.9	14.9	16.9	15.9	41.7	17.8

* 38.4% of the bank’s consumer loans had no income reported.

Lending to Businesses of Different Sizes

The table below illustrates that of the 67 small business loans originated in the assessment area during the review period, 95.5% were originated to businesses with gross annual revenues of less than \$1 million. This percentage is significantly higher than the percentage of small businesses in the assessment area at 86.0%. It should be noted that 60 (89.6%) of the small business loans originated were amounts of \$100,000 or less. This indicates the bank has been very responsive to the credit needs of small businesses in the assessment area.

Borrower Distribution of Small Loans to Businesses January – December 2005							
Assessment Area	Total Loans to Small Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total	% of Businesses	% BANK Loans*	\$100,000 or Less	> \$100,000 to \$250,000	>\$250,000 to \$1,000,000
Non-MSA	67	87.00	86.0	95.5	60	4	3

Lending to Farms of Different Size

Citizens' record of lending to farms of different sizes is reasonable. All farms within this assessment area have revenues of less than \$1 million. Therefore, this category was given less weight in the overall borrower distribution rating. Of the 26 small farm loans originated within this assessment area, 25 (96.2%) were for loans originated for amounts less than \$100,000 indicating that the bank has been very responsive to the credit needs of small farms in the assessment area.

METROPOLITAN AREA
Cincinnati-Middletown OH-KY-IN MSA – 17140 (Bracken County)

As mentioned in the Description of Institution section, Citizens recently expended its market segment to include this assessment area in January 2005. It operates two of its eight locations within this assessment area. This assessment area includes Bracken County, which is comprised of three moderate-income tracts. Because there are only moderate-income tracts in Bracken County, there is no weight given to the geographic distribution portion of the lending test. Emphasis is on the borrower distribution of consumer loans.

More details of the Cincinnati-Middletown OH-KY-IN MSA can be found in the assessment area description section of this report.

Conclusion with Respect to Performance Context

Borrower Distribution

Consumer Lending to Borrowers of Different Incomes

Citizens' distribution of consumer lending by income levels of borrowers reflects excellent penetration among individuals of different incomes, including low- and moderate-income levels. Of the 80 consumer loans originated in the assessment area during the review period, 28 (35.0%) were missing income information. Again, there were enough loans reported with income information to be a statistical representative of the universe. According to the following table, 35.0% of the consumer loans were originated to low-income borrowers and 10.0% were originated to moderate-income borrowers. Low- and moderate-income households represent 30.9% and 20.7%, respectively, of total households in the assessment area. While these lending numbers fall short of their respective proxies, the performance context of the assessment area needs to be considered. Total households below poverty level within this assessment area account for 13.3%. While households below poverty are not ineligible for credit, it is recognized that they have a lower capacity for debt repayment and may not qualify. Considering these attributes of the assessment area, this level of performance is considered excellent.

Borrower Distribution of Consumer Loans January – December 2005										
Assessment Area	Total Consumer Loans		Low-Income Borrower		Moderate-Income Borrower		Middle-Income Borrower		Upper-Income Borrower	
	#	% of Total	% of Households	% Bank loans	% of Households	% Bank loans	% of Households	% Bank loans	% of Households	% Bank loans
MSA	80	14.9	30.9	35.0	20.7	10.0	22.1	16.3	26.2	3.8

* 35.0% of the bank's consumer loans had no income reported.

APPENDIX A

Table 1: Analysis Year 2005 Overall Assessment Area

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,902	24.7
Moderate-income	5	38.5	4,051	34.5	624	15.4	2,265	19.3
Middle-income	6	46.2	5,378	45.8	949	17.6	2,311	19.7
Upper-income	2	15.4	2,326	19.8	276	11.9	4,277	36.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	13	100.0	11,755	100.0	1,849	15.7	11,755	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,372	4,298	35.3	67.5	1,272	20.0	802	12.6
Middle-income	8,403	5,595	46.0	66.6	1,782	21.2	1,026	12.2
Upper-income	3,901	2,283	18.8	58.5	1,133	29.0	485	12.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	18,676	12,176	100.0	65.2	4,187	22.4	2,313	12.4
	Total Businesses by Tract	Business by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	366	31.8	316	31.6	29	32.2	21	33.9
Middle-income	334	29.0	299	29.9	19	21.1	16	25.8
Upper-income	451	39.2	384	38.4	42	46.7	25	40.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,151	100.0	999	100.0	90	100.0	62	100.0
	Percentage of Total Businesses:							
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported		
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	79	38.9	79	38.9	0	0.0	0	0.0
Middle-income	91	44.8	91	44.8	0	0.0	0	0.0
Upper-income	33	16.3	33	16.3	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	203	100.0	203	100.0	0	0.0	0	0.0
	Percentage of Total Farms:			100.0		0.0		0.0

Table 2: Analysis Year 2005 Non-MSA KY

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	2,242	23.8
Moderate-income	2	20.0	1,708	18.1	446	26.1	1,635	17.4
Middle-income	6	60.0	5,378	57.1	949	17.6	1,765	18.8
Upper-income	2	20.0	2,326	24.7	276	11.9	3,770	40.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	10	100.0	9,412	100.0	1,671	17.8	9,412	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	2,657	1,817	18.7	68.4	525	19.8	315	11.9
Middle-income	8,403	5,595	57.7	66.6	1,782	21.2	1,026	12.2
Upper-income	3,901	2,283	23.5	58.8	1,133	29.0	485	12.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	14,961	9,965	100.0	64.8	3,440	23.0	1,826	12.2
	Total Businesses by Tract		Business by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	158	16.8	128	15.8	18	22.8	12	22.6
Middle-income	334	35.4	299	36.9	19	24.1	16	30.2
Upper-income	451	47.8	384	47.3	42	53.2	25	47.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	943	100.0	811	100.0	79	100.0	53	100.0
	Percentage of Total Businesses:			86.0		8.4		5.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	20	13.9	20	13.9	0	0.0	0	0.0
Middle-income	91	63.2	91	63.2	0	0.0	0	0.0
Upper-income	33	22.9	33	22.9	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	144	100.0	144	100.0	0	0.0	0	0.0
	Percentage of Total Farms:			100.0		0.0		0.0

Table 3: Analysis Year 2005 Non-MSA 17140

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	660	28.2
Moderate-income	3	100.0	2,343	100.0	178	7.6	630	26.9
Middle-income	0	0.0	0	0.0	0	0.0	546	23.3
Upper-income	0	0.0	0	0.0	0	0.0	507	21.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	2,343	100.0	178	7.6	2,343	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0.0	0	0.0	0	0.0
Moderate-income	3,715	2,481	100.0	66.8	747	20.1	487	13.1
Middle-income	0	0	0.0	0.0	0	0.0	0	0.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	3,715	2,481	100.0	66.8	747	20.1	487	13.1
	Total Businesses by Tract		Business by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	208	100.0	188	100.0	11	100.0	9	100.0
Middle-income	0	0.0	0	0.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	208	100.0	188	100.0	11	100.0	9	100.0
	Percentage of Total Businesses:			90.4		5.3		4.3
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	59	100.0	59	100.0	0	0.0	0	0.0
Middle-income	0	0.0	0	0.0	0	0.0	0	0.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	59	100.0	59	100.0	0	0.0	0	0.0
	Percentage of Total Farms:			100.0		0.0		0.0

APPENDIX B

CRA GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a %age of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Block numbering area (“BNA”): Statistical subdivisions of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and 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 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 the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

Consumer loan: A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

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 household 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, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (“HMDA”): The statute that requires certain mortgage lenders that do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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

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

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, branch distribution).

Market share: The number of loans originated and purchased by the institution as a %age of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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

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

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

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes 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.

Small loans to business: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: 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 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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.

Upper-income: Individual income that is more than 120 % of the area median income, or a median family income that is more than 120 % in the case of a geography.

APPENDIX C
ASSESSMENT AREA MAPS

