

# **PUBLIC DISCLOSURE**

August 21, 2017

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens Bank of Kentucky  
RSSD # 495419

620 Broadway Avenue  
Paintsville, Kentucky 41240

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.

## TABLE OF CONTENTS

Institution’s CRA Rating .....	1
Scope of Examination .....	2
Description of Institution .....	4
Description of Assessment Areas .....	6
Conclusions with Respect to Performance Tests .....	7
Non-metropolitan Eastern Kentucky (Full-scope review)	
a. Description of Institution’s Operations.....	11
b. Conclusions with Respect to Performance Tests .....	19
Huntington-Ashland, WV-KY-OH Metropolitan Statistical Area (Limited-scope review)	
a. Description of Institution’s Operations.....	28
b. Conclusions with Respect to Performance Tests .....	30
Lexington-Fayette, KY Metropolitan Statistical Area (Limited-scope review)	
a. Description of Institution’s Operations.....	31
b. Conclusions with Respect to Performance Tests .....	33
Appendix A: Assessment Area Map.....	34
Appendix B: Lending Tables .....	36
Appendix C: Glossary of Terms .....	45

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**  
**The Lending Test is rated: Satisfactory**  
**The Community Development Test is rated: Outstanding**

The major factors and criteria contribution to this rating include:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities are inside the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income);
- The distribution of loans to businesses reflects a reasonable penetration among businesses of different revenue sizes given the demographics of the assessment areas; and,
- Community development (CD) performance demonstrates an excellent responsiveness to the needs of the assessment area through CD loans, qualified investments, and CD services, as appropriate, considering the capacity, need, and availability of CD opportunities in the assessment area.
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous CRA examination conducted by the Office of the Comptroller of the Currency on July 28, 2014 resulted in a "Satisfactory" performance rating.

## SCOPE OF EXAMINATION

The Citizens Bank of Kentucky (Citizens) Community Reinvestment Act (CRA) performance was evaluated using the interagency intermediate small bank examination procedures under Regulation BB.

Citizens' CRA performance was evaluated based on HMDA lending data for the period of January 1, 2014 to December 31, 2016 and small business and consumer lending data for the period of January 1, 2015 to December 31, 2016. The products evaluated for HMDA included home purchase and refinance. Additionally, consumer loans, comprising of home equity, motor vehicle, other-unsecured, and other-consumer loans, and commercial loans were reviewed.

Community development activities for the period between July 28, 2014 and August 21, 2017, 2017 were also reviewed as part of this evaluation, specifically community development loans, investments, and services occurring since the previous examination.

Citizens' CRA-delineated footprint is comprised of the following three assessment areas and the scope of the review for each area was determined based on the volume of lending activity and deposit share:

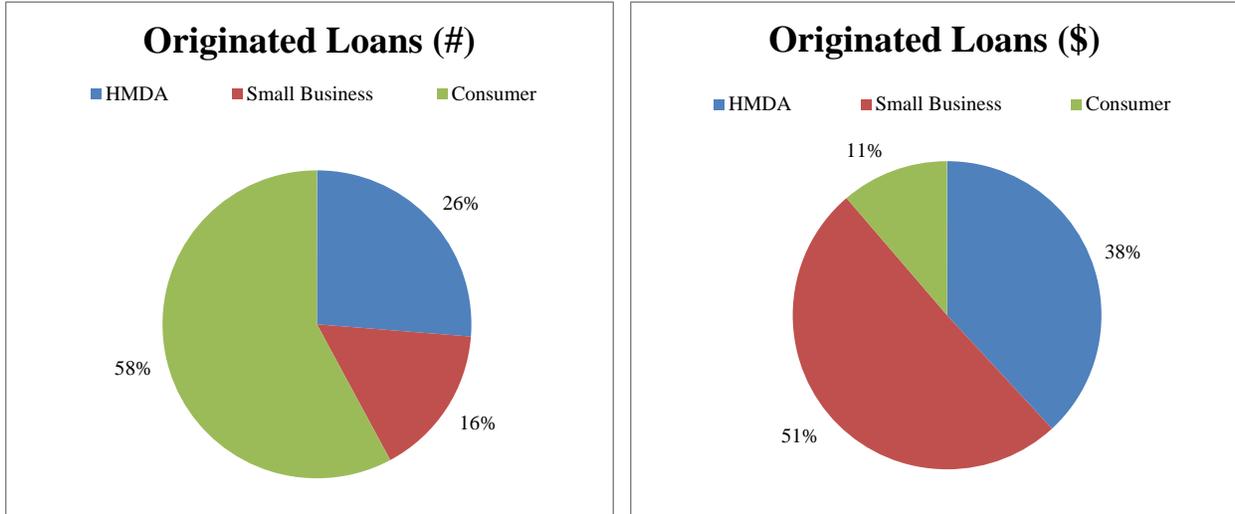
- Non-metropolitan Eastern Kentucky – Full-scope evaluation
- Huntington-Ashland, WV-KY-OH Metropolitan Statistical Area #26580 – Limited-scope evaluation
- Lexington-Fayette Metropolitan Statistical Area #30460 – Limited-scope evaluation

A detailed description of each assessment area is presented in subsequent sections of this performance evaluation.

Three community contact interviews were conducted to provide perspective on the credit needs of the assessment areas in which the bank operates. Details from these interviews are presented within the respective assessment areas of this evaluation.

The following table and charts illustrate the volume and distribution of loans originated within Citizens assessment area during the evaluation period.

<b>Loan Type</b>	<b>Number of Loans</b>	<b>Dollar Amount of Loans (000s)</b>
HMDA	339	50,393
Small Business	205	66,831
Consumer	747	14,898
<b>Total</b>	<b>1,291</b>	<b>132,122</b>



HMDA and small business lending received the most weight, followed by consumer lending, based on the total loan volume by number and dollar amount and the composition of the loan portfolio.

For the purpose of this evaluation, the geographic and borrower distribution received equal weight given the number of moderate-income and distressed or underserved middle-income census tracts.

## DESCRIPTION OF INSTITUTION

Citizens is the banking subsidiary of Citizens National Corporation and is located in Paintsville, Kentucky. As of March 31, 2017, Citizens reported \$600.3 million in total assets, an increase of 11.47% since the previous CRA evaluation. This increase can be partially attributed to Citizens' acquisition of Peoples Security Bank, headquartered in Louisa, Kentucky (Lawrence County) in December 2014, and Alliance Bank, headquartered in Winchester, Kentucky (Clark County) in January 2016. Peoples Security Bank's total assets were valued at approximately \$47 million and Alliance Bank's total assets were valued at approximately \$50 million.

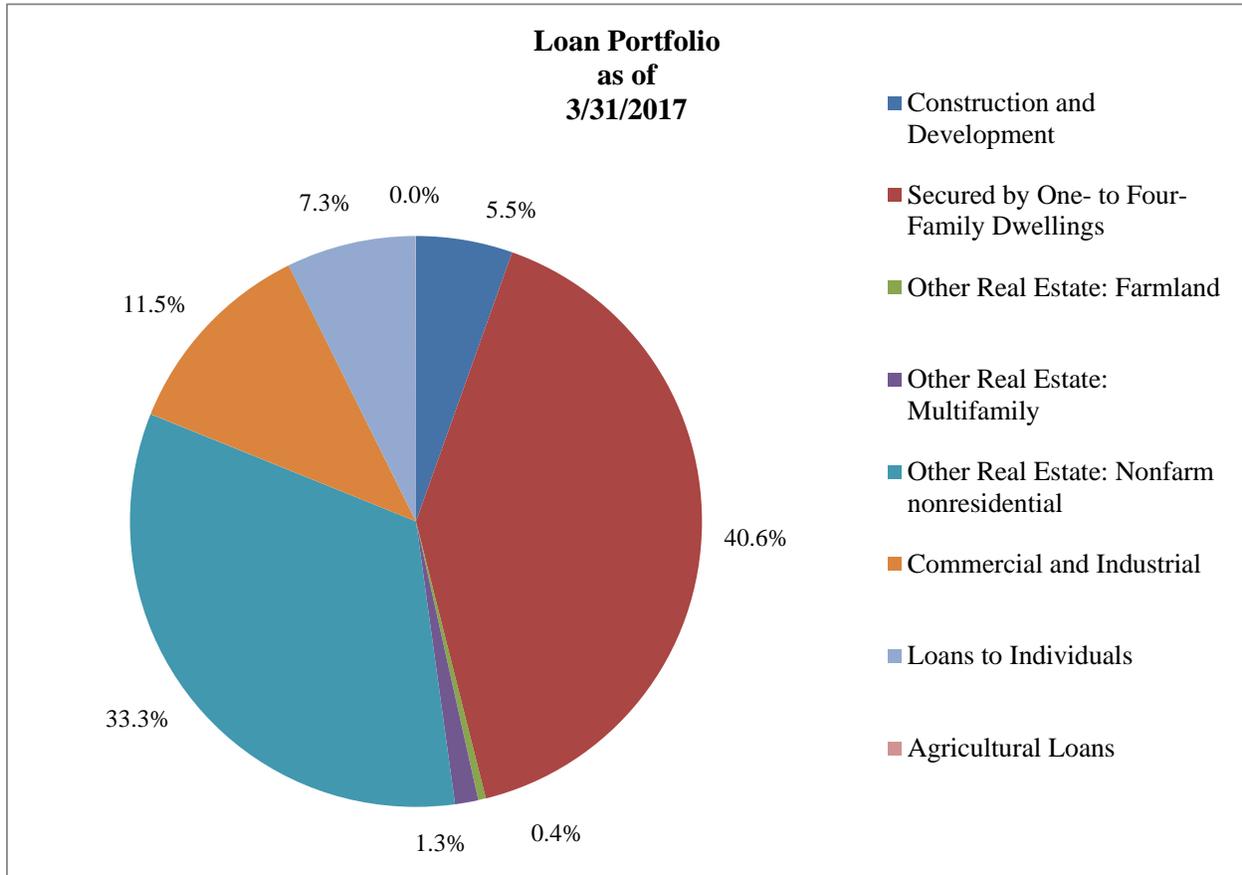
Citizens' main office is located in Paintsville, Kentucky. Citizens operates 12 additional branch offices and 13 ATMs (12 full-service and one cash-dispensing) throughout the assessment area. Citizens is a full-service retail bank offering deposit accounts, residential mortgages, consumer, and commercial loans. Since the previous evaluation completed by the Office of the Comptroller of the Currency as of July 28, 2014, Citizens opened three branch offices located in Blaine, Louisa, Winchester, Kentucky. Two of the branch openings were a result of the Peoples Security Bank merger and one was a result of the Alliance Bank merger. Citizens closed the Blaine, Kentucky office (located in a moderate-income tract in Lawrence County) in June 2015 during the evaluation period due to the low volume of transaction activity and customers that frequented this location.

As of March 31, 2017, net loans and leases represent \$333 million, which is approximately 55.5% of total assets. Net loans and leases increased by 24.0% since the previous CRA evaluation.

The following table illustrates the volume and distribution of loans originated within Citizens' assessment area during the evaluation period.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2017		12/31/2016		12/31/2015	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	18,038	5.5%	17,983	5.2%	24,620	7.9%
Secured by One- to Four- Family Dwellin	134,258	40.6%	138,103	40.3%	126,572	40.4%
Other Real Estate: Farmland	1,441	0.4%	1,478	0.4%	47	0.0%
Other Real Estate: Multifamily	4,378	1.3%	4,468	1.3%	5,017	1.6%
Other Real Estate: Nonfarm nonresidenti	110,102	33.3%	111,937	32.6%	94,733	30.2%
Commercial and Industrial	38,127	11.5%	43,956	12.8%	32,381	10.3%
Loans to Individuals	24,226	7.3%	24,921	7.3%	29,881	9.5%
Agricultural Loans	25	0.0%	26	0.0%	0	0.0%
<i>Total</i>	<i>\$330,595</i>	<i>100.00%</i>	<i>\$342,872</i>	<i>100.00%</i>	<i>\$313,251</i>	<i>100.00%</i>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



Citizens' investment portfolio as of March 31, 2017 was \$197.6 million, which represented 32.9% of total assets. Investments in U.S. Treasuries and Agencies account for 40.4% of investments, while municipal securities account for 34.4%. Interest-bearing bank balances account for 23.7% and all other investments account for 1.5%, respectively.

There are no legal or financial constraints preventing Citizens from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

## DESCRIPTION OF ASSESSMENT AREAS

Citizens has delineated two assessment areas within Kentucky and one multi-state assessment area, including:

- Non-metropolitan Eastern Kentucky, comprised of the entireties of Carter, Floyd, Johnson, Lawrence and Magoffin Counties and portions of Pike County.
- Lexington-Fayette KY Metropolitan Statistical Area #30460, comprised of the entirety of Clark County.
- Huntington-Ashland WV-KY-OH Metropolitan Statistical Area (MSA) #26580, comprised of portions of Boyd and Greenup counties in Kentucky.

Although the Huntington-Ashland MSA is a multi-state area, for the purpose of this review, its performance will not be assessed as a multi-state, as Citizens only has branches within Kentucky.

Citizens' assessment areas consist of 57 census tracts, of which one (1.8%) is designated as low-income, 19 (33.3%) are moderate-income, 29 (50.9%) are middle-income, and eight (14%) are upper-income tracts.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Citizens' overall performance under the lending test is considered satisfactory. Lending performance in Non-Metropolitan Eastern Kentucky and the Huntington-Ashland MSA is considered reasonable. There were not enough loans in the Lexington-Fayette MSA to conduct a meaningful analysis.

### *Loan-to-Deposit Ratio*

A financial institution's loan-to-deposit (LTD) ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of the institution's lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing by the total number of quarters. The following table illustrates Citizens' quarterly LTD ratios compared to its custom peer group, consisting of three local peer banks from the Federal Deposit Insurance Corporation Deposit Market Share Report.<sup>1</sup>

Citizens Bank of Kentucky Loan-to-Deposit Ratios					
AS OF DATE	CITIZENS BK OF KY	TOWN SQ BK	FIRST COMMONWEALTH BK	PEOPLES EXCH BK	CUSTOM PEER
March 31, 2017	68.79	89.14	57.23	98.92	81.76
December 31, 2016	71.75	91.01	57.77	98.25	82.34
September 30, 2016	71.46	93.45	60.58	99.02	84.35
June 30, 2016	72.35	98.31	61.90	100.40	86.87
March 31, 2016	69.05	94.12	61.34	100.83	85.43
December 31, 2015	68.77	91.02	62.76	104.11	85.96
September 30, 2015	68.65	91.70	63.47	104.32	86.50
<b>Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation</b>	<b>70.12</b>	<b>92.68</b>	<b>60.72</b>	<b>100.84</b>	84.75

Citizens' average LTD ratio was 70.1% over the past seven quarters. Citizens' LTD ratio was compared to three local peer banks: Town Square Bank in Ashland, Kentucky; First Commonwealth Bank in Prestonsburg, Kentucky; and Peoples Exchange Bank in Winchester, Kentucky. Citizens' LTD ratio is below Town Square Bank and Peoples Exchange Bank, but above First Commonwealth's quarterly averages.

Considering its lending-related activity, size, financial condition, and assessment area credit needs, Citizens' LTD ratio is considered reasonable.

<sup>1</sup> FDIC Deposit Market Share: <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>

***Lending in the Assessment Area***

Citizens’ mortgage, small business, and consumer lending was analyzed to determine the volume of lending inside and outside its assessment area. Of Citizens’ total loans, 79.9% by volume and 59.3% by dollar amount were made inside the assessment area.

The following table shows the distribution of loans made inside and outside Citizens’ assessment area.

**Lending Inside and Outside the Assessment Area**

**Exam: Citizens Bk of KY**

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
HE - Home Equity	152	84.9	8,655	81.2	27	15.1	2,003	18.8	179	10,657
MV - Motor Vehicle	100	80.0	945	73.1	25	20.0	348	26.9	125	1,293
OU - Other - Unsecured	329	88.9	1,911	89.1	41	11.1	234	10.9	370	2,145
XX - Other Consumer Loans	166	80.2	3,388	82.0	41	19.8	745	18.0	207	4,133
<b>Total Consumer related</b>	<b>747</b>	<b>84.8</b>	<b>14,898</b>	<b>81.7</b>	<b>134</b>	<b>15.2</b>	<b>3,329</b>	<b>18.3</b>	<b>881</b>	<b>18,228</b>
CV - Home Purchase - Conventional	143	70.1	21,198	62.7	61	29.9	12,597	37.3	204	33,795
HI - Home Improvement	50	84.7	7,437	80.8	9	15.3	1,767	19.2	59	9,204
MF - Multi-Family Housing	2	66.7	214	40.8	1	33.3	310	59.2	3	524
RF - Refinancing	144	79.1	21,744	77.3	38	20.9	6,391	22.7	182	28,135
<b>Total HMDA related</b>	<b>339</b>	<b>75.7</b>	<b>50,593</b>	<b>70.6</b>	<b>109</b>	<b>24.3</b>	<b>21,065</b>	<b>29.4</b>	<b>448</b>	<b>71,658</b>
SB - Small Business	205	71.4	66,830	50.1	82	28.6	66,512	49.9	287	133,342
<b>Total Small Bus. related</b>	<b>205</b>	<b>71.4</b>	<b>66,830</b>	<b>50.1</b>	<b>82</b>	<b>28.6</b>	<b>66,512</b>	<b>49.9</b>	<b>287</b>	<b>133,342</b>
<b>TOTAL LOANS</b>	<b>1,291</b>	<b>79.9</b>	<b>132,322</b>	<b>59.3</b>	<b>325</b>	<b>20.1</b>	<b>90,906</b>	<b>40.7</b>	<b>1,616</b>	<b>223,228</b>

Therefore, a majority of Citizens’ loans by both volume and dollar amount were made inside its assessment area.

***Geographic Distribution of Lending***

Citizens’ geographic distribution of lending is reasonable. Geographic and borrower distributions were weighted equally due to the number of moderate tracts in Citizens’ assessment areas and the distressed and underserved middle-income tracts. The geographic distribution is considered reasonable in Non-metropolitan Eastern Kentucky and the Huntington-Ashland MSA. HMDA and small business lending, which received the most weight, were considered reasonable, while consumer lending is considered excellent. The respective analyses are included within each assessment area evaluation later in this report.

### ***Borrower Distribution of Lending***

Citizens' lending to borrowers of different income levels and businesses of different revenue sizes is reasonable. The borrower distribution is considered reasonable in Non-metropolitan Eastern Kentucky and poor in the Huntington-Ashland MSA. HMDA, small business, and consumer lending are all considered reasonable. The respective analyses can be found within each assessment area discussion later in this report.

In addition to the traditional lending program, Citizens participates in the Federal Home Loan Bank Welcome Home Grant Program and has provided two grants totaling \$10,000 since the last evaluation. The grants are used for down payment and closing cost assistance. Citizens also participates in the Federal Home Loan Bank Disaster Reconstruction Program through the Federal Home Loan Bank and has provided funds for four customers totaling \$45,800.

Citizens participates in the Unemployment Bridge Program through the Kentucky Homeownership Protection Center. This program offers a forgivable loan option for eligible applicants to assist them in making their mortgage payments. Late fees for delinquencies prior to and during the course of the program are waived, in addition to placing a hold on any foreclosure process. Citizens currently has 16 customers participating in this program.

Finally, Citizens participates in the Kentucky Small Business Credit Initiative via the Kentucky Collateral Support Program. These programs provide funding to small businesses and are available as a result of funding made available through a joint effort of the U.S. Treasury and the Kentucky Cabinet for Economic Development. Nine loans have been made under this initiative totaling \$3.9 million.

### ***Response to Consumer Complaints***

Citizens has not received any CRA-related complaints since the previous examination.

### **Community Development Test**

Citizens' community development performance demonstrates an excellent responsiveness to community development needs in its assessment areas through community development loans, qualified investments and community development services, as appropriate, considering Citizens' capacity and the need and availability of such opportunities for community development in Citizens' assessment areas.

### ***Community Development Loans***

During this review period, Citizens originated 28 community development loans totaling \$18.4 million, which is considered to be an excellent level of community development loans overall. Twenty-two of these loans were originated within Non-metropolitan Eastern KY, five were originated in the Huntington-Ashland MSA, and one was originated in the Lexington-Fayette MSA. Additional details on CD loans can be found in the respective assessment area analyses.

In addition, Citizens originated four community development loans in Kentucky that supported community service and revitalization. These efforts totaled \$4.9 million outside of Citizens' assessment area. These loans were also considered in this evaluation given that Citizens adequately met the needs of its assessment area.

### ***Community Development Investments***

Overall, Citizens provided an excellent level of community development investments. Citizens made three donations in Non-metropolitan Eastern Kentucky totaling \$110,000. These donations supported the revitalization and stabilization of moderate-income areas.

There was no community development investment activity in either the Huntington-Ashland MSA or the Lexington-Fayette MSA. However, Citizens does not have a large branch presence in these areas, as there are only two branches (one full-service and one drive-thru) in the Huntington-Ashland MSA and one branch in the Lexington-Fayette MSA.

In addition, Citizens made seven investments and two donations totaling \$4.7 million during this evaluation period that served the broader statewide area and supported community services. These investments were also given consideration, since Citizens adequately met the needs of its assessment area.

Refer to the respective assessment area analyses for further details.

### ***Community Development Services***

Overall, Citizens provided an adequate level of community development services in its assessment area. Citizens' directors, officers, and staff members provided their financial expertise to seven different organizations (126.5 hours) by engaging in activities that promoted or facilitated services for low- and moderate-income individuals and the revitalization of distressed or underserved moderate-income and middle-income areas. Examples of board and committee membership positions held include directors, presidents, secretaries, and treasurer.

### **Fair Lending or Other Illegal Credit Practices Review**

No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN  
NON-METROPOLITAN EASTERN KENTUCKY  
(Full-scope Review)**

The Non-metropolitan Eastern Kentucky assessment area consists of the entireties of Carter, Floyd, Johnson, Lawrence, and Magoffin counties and part of Pike County in Kentucky. This assessment area consists of a total of 35 census tracts comprised of 13 moderate-income (37.1%), 19 middle-income (54.3%), and three upper-income tracts (8.6%). All of the 19 middle-income tracts were considered distressed during this evaluation period. There are no low-income tracts in the assessment area. Citizens has 10 branch locations, including the main office, in this assessment area.

Carter County is located in eastern Kentucky and borders the northwest side of Lawrence County. Grayson is the largest city and county seat. The county had a population of 27,700, according to the 2010 U.S. Census.

Floyd County is located in eastern Kentucky and borders Johnson County to the north, Magoffin County to the west, and Pike County to the southeast. Prestonsburg is the largest city and county seat. The county had a population of 39,451, according to the 2010 U.S. Census.

Johnson County is located in eastern Kentucky and borders Lawrence County to the north, Magoffin County to the southwest, and Floyd County to the south. Paintsville is the largest city and county seat. The county had a population of 23,356, according to the 2010 U.S. Census.

Lawrence County is located in eastern Kentucky and borders Carter County to the north and Johnson County to the south. Louisa is the largest city and county seat. The county had a population of 15,860, according to the 2010 U.S. Census.

Magoffin County is located in eastern Kentucky and borders Johnson and Floyd Counties to the west. Salyersville is the largest city and county seat. The county had a population of 13,333, according to the 2010 U.S. Census.

Pike County is located in eastern Kentucky and borders Floyd County to the west. Pikeville is the largest city and county seat. The county had a population of 65,024, according to the 2010 U.S. Census.

According to the June 30, 2016 FDIC Deposit Market Share Report, Citizens ranked second out of 15 institutions in the market with a deposit share of 15.5% in the assessment area.<sup>2</sup>

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<sup>2</sup> <http://www2.fdic.gov/sod/sodMarketBank.asp>

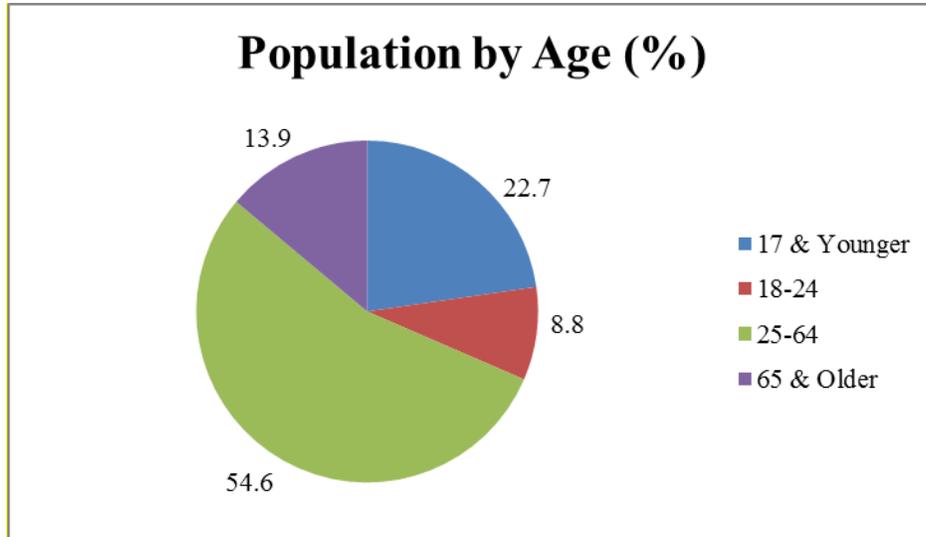
#	Financial Institution	Deposit Market Share
1	Community Trust Bank, Inc.	33.3%
2	Citizens Bank of Kentucky, Inc	15.5%
3	U.S. Bank National Association	8.7%
4	The First Commonwealth Bank of Prestonsburg, Inc	7.8%
5	Branch Banking and Trust Company	7.6%
6	The First National Bank of Grayson	6.5%
7	The Commercial Bank of Grayson	5.7%
8	City National Bank of West Virginia	4.9%
9	The Saylorsville National Bank	3.7%
10	Inez Deposit Bank	1.7%

Two community contact interviews were conducted to provide additional information regarding the credit needs of the local community and context to the demographic and economic characteristics discussed below. The first interview was conducted with an organization that offers services (e.g., heating program assistance, transportation services) to low-income residents in Boyd, Carter, Elliott, Greenup, and Lawrence counties. The contact stated that economic conditions in Boyd, Carter, and Greenup counties have declined due to the loss of a large manufacturer in recent years. Lawrence County’s economic conditions are fair, as miners in the area are re-trained for another profession. The contact also stated that the opioid drug epidemic has had a negative effect on families in the area. The contact indicated that there are no specific opportunities for local financial institutions, as many of the local banks are involved in community activities.

The second interview was conducted with a regional economic development organization with a mission to diversify the economy with the recruitment of new industries. This organization serves the counties of Floyd, Knott, Johnson, Lawrence, Letcher, Magoffin, Martin, Perry, and Pike. The contact stated that the region is hurting from the loss of employers and employees of the coal industry. Outside of the retail, educational, and healthcare industries, the economy is weak. Pike County has been able to diversify, which has helped; however, other counties are not doing as well as Pike. The contact stated that banks have helped fund the organizations budget and specifically mentioned Citizens Bank as a supportive leader for this organization.

**Population Characteristics**

According to the 2010 U.S. Census, the total population in the assessment area was 184,744. Approximately, 29.2% of the assessment area’s population resides in moderate-income tracts and 61.2% in middle-income tracts, while 9.5% reside in upper-income tracts. As shown in the chart below, 77.3% of the population is 18 years of age or older, which is the legal age to enter into a contract, while 63.4% of the population is between the ages of 18 and 64 and more likely to have credit needs.



The population in this assessment area is decreasing, as depicted in the following table, which shows the actual and projected population change over the 2010 U.S. Census figure.<sup>3</sup>

County	2010 Population	2015 Population	Population Percent Change
Carter	27,720	27,158	-2.0%
Floyd	39,451	37,756	-4.3%
Johnson	23,356	23,175	-0.8%
Lawrence	15,860	15,745	-0.7%
Magoffin	13,333	12,808	-3.9%
Pike	65,024	61,792	-5.0%
<b>Total</b>	<b>184,744</b>	<b>178,434</b>	

### Income Characteristics

According to data from the U.S. Department of Housing and Urban Development (HUD), the 2010 median family income levels for the assessment area was \$37,541. The 2014, 2015, and 2016 estimated median family income levels are detailed in the following table.<sup>4</sup>

#### Borrower Income Levels Kentucky State Non-Metro

HUD Estimated Median Family Income		Low			Moderate			Middle			Upper		
		0	-	49.99%	50%	-	79.99%	80%	-	119.99%	120%	-	& above
<b>2014</b>	<b>\$45,900</b>	0	-	\$22,949	\$22,950	-	\$36,719	\$36,720	-	\$55,079	\$55,080	-	& above
<b>2015</b>	<b>\$46,900</b>	0	-	\$23,449	\$23,450	-	\$37,519	\$37,520	-	\$56,279	\$56,280	-	& above
<b>2016</b>	<b>\$46,400</b>	0	-	\$23,199	\$23,200	-	\$37,119	\$37,120	-	\$55,679	\$55,680	-	& above

<sup>3</sup> <http://www.factfinder.census.gov>

<sup>4</sup> <http://www.huduser.org/portal/datasets/il/il13/index.html>

The assessment area contains 51,211 households, of which 35,799 (69.9%) are designated as families. Low-, moderate-, and middle-income families represent 27.7%, 18.3%, and 18.0% of all families in this assessment area, respectively, with 19.5% of families below the poverty level compared to 13.5% of all families below the poverty level within Kentucky.

Based on 2015 data from the Economic Research Service of the U.S. Department of Agriculture (USDA), household poverty rates for the counties in the assessment area were as follows:

<b>County</b>	<b>2014 Poverty Rate</b>	<b>2015 Poverty Rate</b>	<b>Change</b>
Carter	23.9%	19.7%	-17.57%
Floyd	31.1%	29.5%	-5.14%
Johnson	25.6%	25.9%	1.17%
Lawrence	25.9%	25.0%	-3.47%
Magoffin	30.2%	32.6%	7.95%
Pike	27.4%	25.0%	-8.76%
<b>Kentucky</b>	<b>19.0%</b>	<b>18.3%</b>	<b>-3.68%</b>
<b>United States</b>	<b>15.5%</b>	<b>14.7%</b>	<b>-5.16%</b>

While some poverty rates have decreased, poverty overall in this assessment area is significantly higher in the majority of counties than both the state of Kentucky and the nation.

### **Labor, Employment and Economic Characteristics**

The following table identifies the primary employment sectors and major employers for this assessment area.<sup>5</sup>

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<sup>5</sup> <http://www.thinkkentucky.com/SelectKentucky/>

County	Primary Employment Sectors	Major Employers
Carter	Trade, Transportation and Utilities; Manufacturing; Leisure and Hospitality; Finance Activities; Other Services and Unclassified	AA Limestone; AT&T Mobility; Carter Industries Inc.; Cintas Distribution LLC; Eugene Rayburn Lumbar Co; Globe Hardwood Inc.; Louisville Fire Brick Works; MegaWi; Messer Clay Co Inc.; Price Solutions LLC; Scott Mullins Pallets & Lumber Inc.; Smithfield Farmland-Grayson Plant; Spea-Dee Print Shop; Willard Milling Inc.
Floyd	Education and Health Services; Trade, Transportation and Utilities; Professional and Business Services; Leisure and Hospitality; Construction	Bluegrass Materials Company; Coalfield Telephone Co Inc; East Kentucky Network LLC; Floyd County Times; H T Hackney; Kentucky Oil & Refining Co Inc.; Mark West Energy Appalachia LLC; Porter Steel & Fabrication Inc; R & S Godwin Truck Body Co LLC; Shirt Gallery; Unisign Corp; UPS; Worldwide Equipment Enterprises Inc
Johnson	Trade, Transportation and Utilities; Financial Activities; Professional and Business Services; Construction; Other Services and Unclassified	American Metal Works LLC; Atlantic India Rubber Company Inc; Hunter's Friend LLC; Johnson County Newspaper Inc; Paintsville Wood Products LLC
Lawrence	Trade, Transportation and Utilities; Education and Health Services; Construction; Financial Activities; Professional and Business Services	Brown Food Service; Coca-Cola Refreshment; Riverside Generating Co; The Big Sandy News; Worldwide Equipment
Magoffin	Trade, Transportation and Utilities; Educational and Health Services; Leisure and Hospitality; Professional and Business Services; Construction	Logan Corporation; Mineral Labs Inc; The Wells Group LLC
Pike	Trade, Transportation and Utilities; Education and Health Services; Natural Resources and Mining; Leisure and Hospitality; Professional and Business Services	Appalachian News-Express; Appalachian States Analytical LLC; Birch Communications of Kentucky LLC; Coca Cola Bottling of Pikeville; Community Trust BankCorp Inc; EQT Corporation; Johnson Industries Inc; Kellogg-Pikeville Plant; Mark West Energy Appalachia LLC; May Brothers Lumber Co Inc; Mineral Labs Inc; Mother Nature Spring Water Inc; Mountain Aggregate; NJN Machine Tool Company Inc; SGS North America Inc; The Wells Group LLC; Tri Sate Laboratory Services; UPS; Wright Block & Precast LLC; Zebulon Machine Shop

The following table shows the 2014, 2015, and 2016 average annual unemployment rate for Carter, Floyd, Johnson, Lawrence, Magoffin and Pike Counties, Kentucky, and the nation.

**Unemployment Rates**  
**Citizens Bank of Kentucky: Non MSA Eastern KY**

Area	Years - Annualized		
	2014	2015	2016
Carter Co.	10.0 (R)	10.3 (R)	9.3 (R)
Floyd Co.	7.9 (R)	10.3 (R)	9.2 (R)
Johnson Co.	7.7 (R)	8.9 (R)	8.9 (R)
Lawrence Co.	8.0 (R)	10.8 (R)	9.4 (R)
Magoffin Co.	12.0 (R)	16.9 (R)	16.0 (R)
Pike Co.	8.3 (R)	10.9 (R)	9.2 (R)
<b>Kentucky</b>	<b>5.0 (D)</b>	<b>5.2 (D)</b>	<b>4.5 (D)</b>
<b>National</b>	<b>5.4</b>	<b>4.8</b>	<b>4.5</b>

Not Seasonally Adjusted, Data Extracted on July 11, 2017

D: Reflects revised population controls and model reestimation.

R: Data were subject to revision on April 21, 2017.

Unemployment rates for all counties in the assessment area have been significantly higher than Kentucky and the nation for all three years. This can be attributed to the decline in coal mining and natural gas industries.

**Housing Characteristics**

There are 60,892 housing units in this assessment area, based on the 2010 U.S. Census. Within this assessment area, 60.7% of the units are owner-occupied, 23.4% are rental units, and 15.9% are vacant. Owner-occupied units make up 60.7%, 60.4%, and 63.0% in moderate-, middle- and upper-income tracts, respectively; rental units make up 18.9%, 25.4%, and 24.5% in moderate-, middle-, and upper-income tracts, respectively; and vacant units make up 20.3%, 14.2%, and 12.5% of moderate-, middle-, and upper-income tracts, respectively. The high rental and vacant units in moderate-income tracts could limit residential lending in these areas.

The median age of housing stock was 34 years, according to the 2010 U.S. Census, with 15.3% of housing built prior to 1950. The youngest housing stock was in Pike County with a median age of 29 years. The lack of older homes could indicate a low demand for home improvement and rehabilitation loans.

The median housing value in the assessment area was \$70,309 with an affordability ratio of 42.0%. The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. Further, based on the 2016 median family income for Non-metropolitan Eastern Kentucky (\$46,400), approximately 58.5% of the homes valued up to \$85,041 in the assessment area would be considered affordable for low-income individuals and 78.3% of the homes valued up to \$136,066 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

The table below represents the 2016 median home costs, according to Sperling’s Best Places. While each county has experienced appreciation, median home costs are well below Kentucky.<sup>6</sup>

County	Median Home Costs	Appreciation last 10 years
Carter County	\$74,500	10.6%
Floyd County	\$70,600	4.2%
Johnson County	\$78,200	18.8%
Lawrence County	\$82,700	22.1%
Magoffin County	\$48,700	10.1%
Pike County	\$69,399	13.1%
<b>Kentucky</b>	<b>\$128,100</b>	<b>8.4%</b>

The following table contains information about foreclosure filings and the number of properties in foreclosure.<sup>7</sup>

<sup>6</sup> Sperling’s Best Places [www.bestplaces.net](http://www.bestplaces.net)

<sup>7</sup> [www.realtytrac.net](http://www.realtytrac.net)

County	Ratio of Properties Receiving Foreclosure Filings in (June, 2017)
Carter County	1:6,013
Floyd County	1:1,358
Johnson County	1:941
Lawrence County	Not Available
Magoffin County	Not Available
Pike County	1:5,933
<b>Kentucky</b>	<b>1:2,574</b>
<b>United States</b>	<b>1:1,789</b>

Johnson County had the highest rate of properties in foreclosure in the assessment area in June 2017 and Carter County had the lowest foreclosure rate. Floyd and Johnson Counties had higher rates than the State of Kentucky and the nation.

The median gross rent in the assessment area was \$486, with 24.5% of the rental units having rents of less than \$350 a month, according to the 2010 U.S. Census. The majority of rents (28.3%) in this assessment area were \$350-\$499 per month and 27.5% of rents were \$500-\$699, while 19.8% of rents were greater than \$700. Rental units make up 23.4% of housing units in the assessment area. Additionally, 35.2% of renters have rent costs greater than 30.0% of their income.

The following table illustrates the demographics in the Non-metropolitan Eastern Kentucky assessment area.

### Combined Demographics Report

Assessment Area(s): Non MSA Eastern KY 2016 (Initial)

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	9,911	27.7
Moderate-income	13	37.1	9,988	27.9	2,475	24.8	6,535	18.3
Middle-income	19	54.3	22,140	61.8	3,975	18	6,450	18
Upper-income	3	8.6	3,671	10.3	521	14.2	12,903	36
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>35</b>	<b>100.0</b>	<b>35,799</b>	<b>100.0</b>	<b>6,971</b>	<b>19.5</b>	<b>35,799</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	18,175	11,035	29.9	60.7	3,443	18.9	3,697	20.3
Middle-income	36,948	22,297	60.3	60.3	9,388	25.4	5,263	14.2
Upper-income	5,769	3,634	9.8	63	1,414	24.5	721	12.5
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>60,892</b>	<b>36,966</b>	<b>100.0</b>	<b>60.7</b>	<b>14,245</b>	<b>23.4</b>	<b>9,681</b>	<b>15.9</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	690	14.1	627	14.1	39	10.7	24	23.1
Middle-income	3,431	69.9	3,112	70.1	249	68.4	70	67.3
Upper-income	785	16	699	15.8	76	20.9	10	9.6
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>4,906</b>	<b>100.0</b>	<b>4,438</b>	<b>100.0</b>	<b>364</b>	<b>100.0</b>	<b>104</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.5</b>		<b>7.4</b>		<b>2.1</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	15	17.4	15	17.4	0	0	0	0
Middle-income	56	65.1	56	65.1	0	0	0	0
Upper-income	15	17.4	15	17.4	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>86</b>	<b>100.0</b>	<b>86</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>100.0</b>		<b>.0</b>		<b>.0</b>

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN NON-METROPOLITAN EASTERN KENTUCKY

### Lending Test

Lending performance in Non-metropolitan Eastern Kentucky is considered reasonable.

Greater weight was given to HMDA lending (home purchase and refinance) and small business lending based on number and volume, followed by consumer lending (home equity, motor vehicle, other consumer unsecured, and other consumer). There were not enough home improvement or multi-family loans to conduct a meaningful analysis. Further, geographic and borrower distributions were weighted equally based on the number of moderate income tracts (37.1%), the fact that all middle-income tracts are distressed and underserved, and that approximately 45.0% of households and families are low- and moderate-income.

In addition, Citizens' lending performance was compared to 2015 aggregate performance of all lenders required to report HMDA data within the respective assessment areas.

Details of Citizens' HMDA, small business, and consumer lending can be found in the tables in Appendix B.

### *Geographic Distribution of Lending*

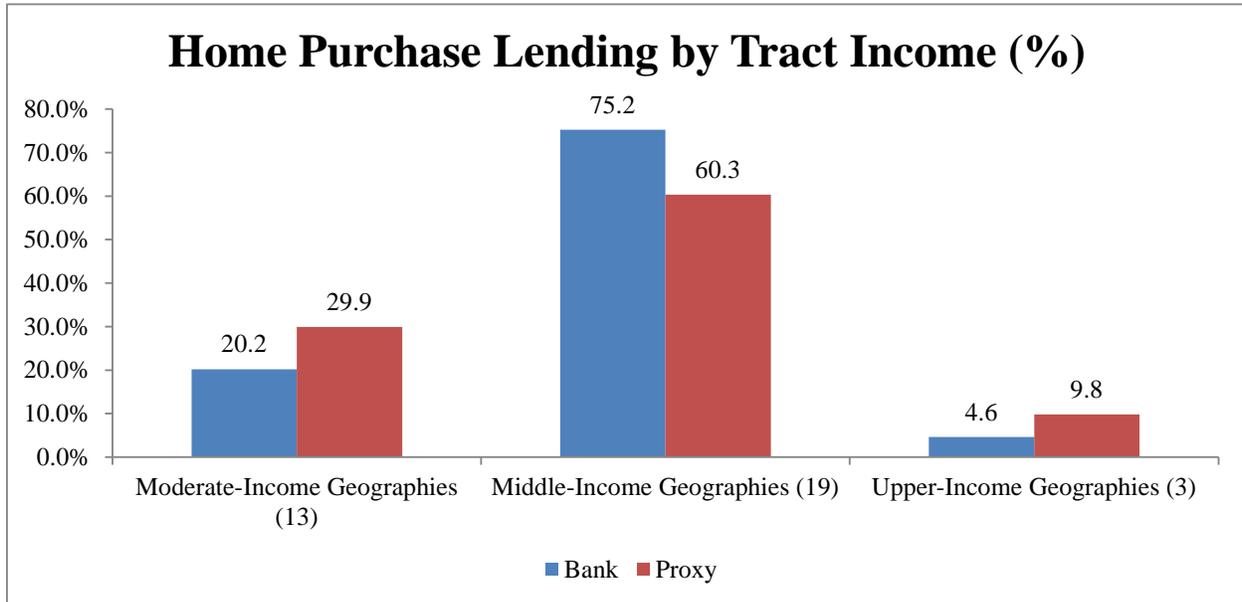
Citizens' geographic distribution of lending was reasonable and there were no significant gaps in lending. In 2016, Citizens made loans in 11 of 13 moderate-income census tracts (84.6%) in Non-metropolitan Eastern Kentucky and 17 of 19 middle-income tracts (89.5%), which are all distressed and underserved. Overall, Citizens made loans in 31 of the 35 census tracts (88.6%) in the assessment area. Citizens ranks second out of 15 institutions in the assessment area with regard to deposit market share with 15.5% and has two branches in moderate-income census tracts. There are no low-income census tracts in this assessment area.

### *HMDA Lending*

During the evaluation period, Citizens made 230 HMDA loans (109 home purchases and 121 refinance). Citizens' performance was compared to the number of owner-occupied housing units in the assessment area (proxy). Poverty levels, lack of affordability, and general economic conditions in the assessment area, which provide limited lending opportunities, were also considered as part of the evaluation.

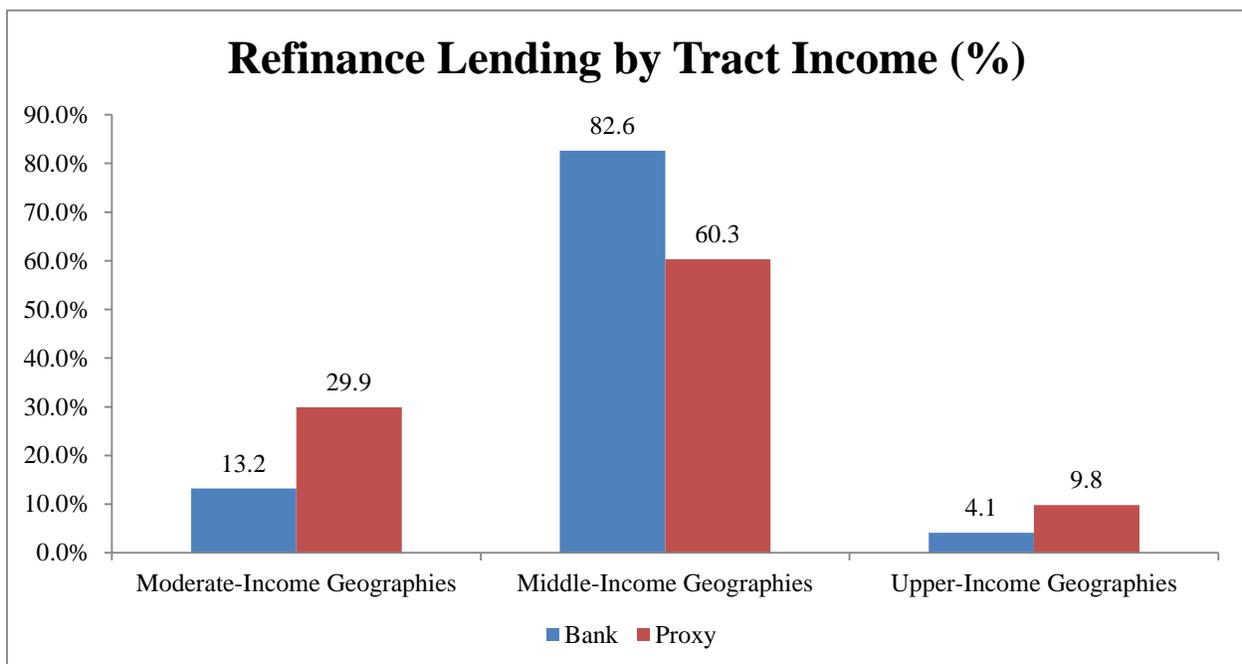
### *Home Purchase*

Citizens' lending in moderate-income tracts fell below proxy, but exceeded proxy in the middle-income tracts. This may be due in part to the high percentage of families below the poverty level (35.5%) and unemployment rates in the moderate-income tracts (10.2%). In addition, the high percentage of rental (18.9%) and vacant (20.3%) units within the moderate-income tracts could limit lending. Citizens' geographic distribution of home purchase loans is considered reasonable.



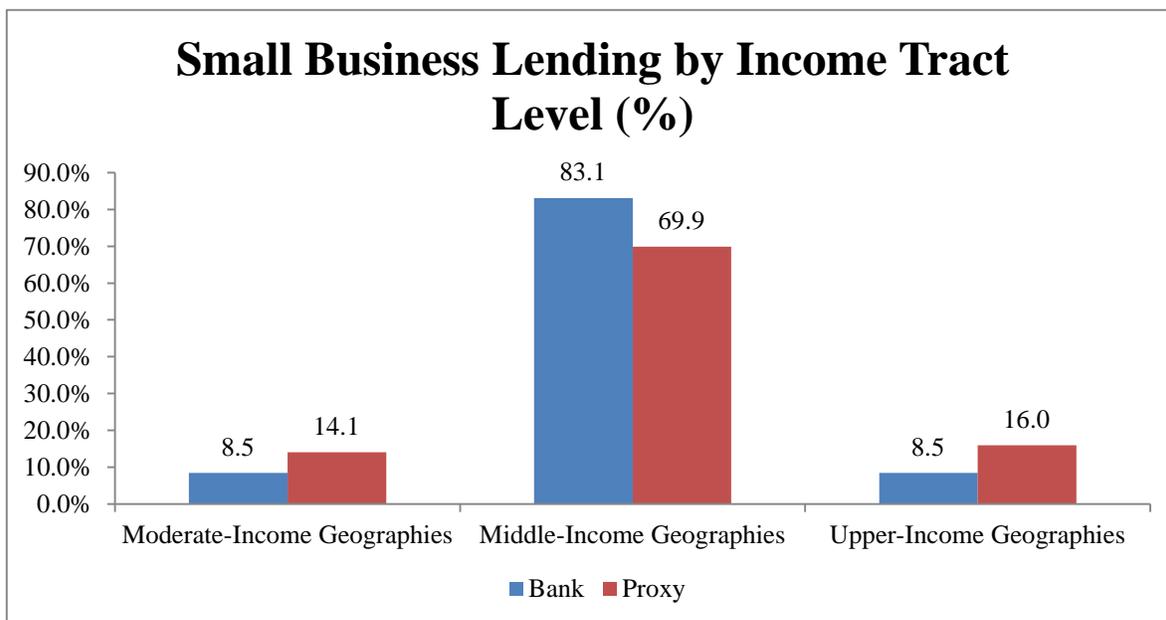
#### Refinance

Citizens' lending in moderate-income tracts were well below proxy, but was above proxy in the middle-income tracts. This may be due in part to the high percentage of families below the poverty level (35.5%) and unemployment rates in the moderate-income tracts (10.2%). In addition, the high percentage of rental (18.9%) and vacant (20.3%) units within the moderate-income tracts could limit lending. Citizens' geographic distribution of refinance loans is considered reasonable.



*Small Business Lending*

Citizens originated 142 small business loans in the assessment area during the review period. As depicted in the following graph, Citizens performed below the proxy (percent of total business in the assessment area with revenue of \$1 million or less) in moderate-income census tracts and slightly above proxy in middle-income census tracts. Overall, the geographic distribution of small business lending is considered reasonable.

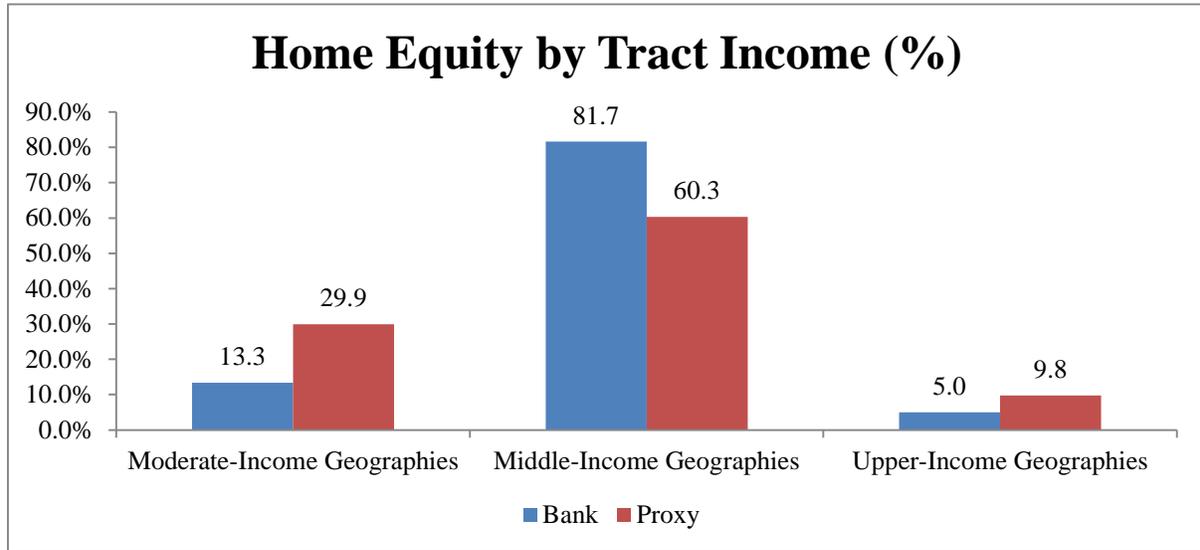


*Consumer Lending*

Citizens originated 694 consumer loans (120 home equity, 95 motor vehicle, 318 other-unsecured, and 161 other-consumer loans) within the assessment area during the review period. Citizens' performance was compared to the number of owner-occupied housing units for home equity loans and the number of households for consumer loans (proxy) in the assessment area.

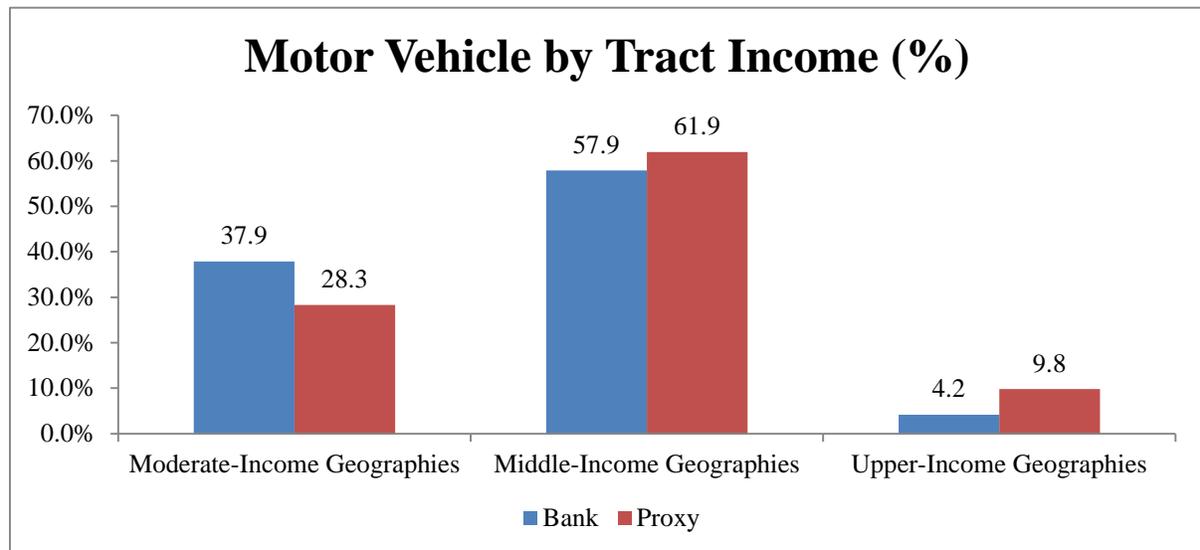
*Home Equity*

Citizens' performance was compared to the number of owner-occupied housing units in the assessment area (proxy). As shown in the graph below, Citizens' lending in moderate-income tracts is well below the proxy, however was slightly above proxy in the middle-income areas. This may be due in part to the high percentage of families below the poverty level (35.5%) and unemployment rates in the moderate-income tracts (10.2%). In addition, the high percentage of rental (18.9%) and vacant (20.3%) units within the moderate-income tracts could limit lending. Nevertheless, Citizens' geographic distribution of home equity loans is considered poor.



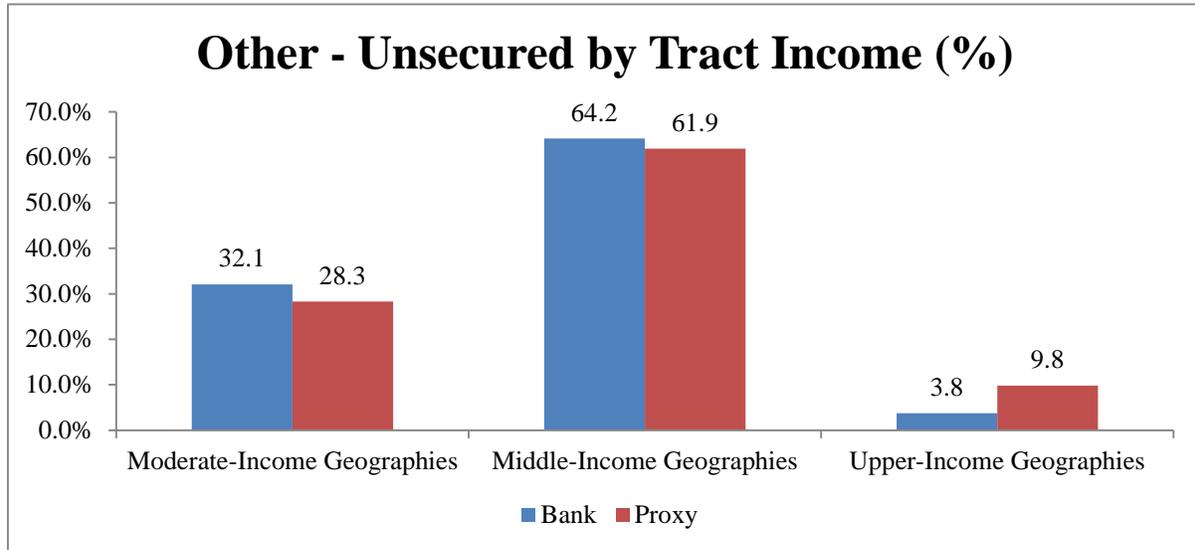
*Motor Vehicle*

Citizens’ performance was compared to the number of households in the assessment area (proxy). As shown in the graph below, Citizens’ lending in moderate-income tracts is above proxy and slightly below proxy in middle-income tracts. Citizens’ geographic distribution of motor vehicle lending is considered excellent.



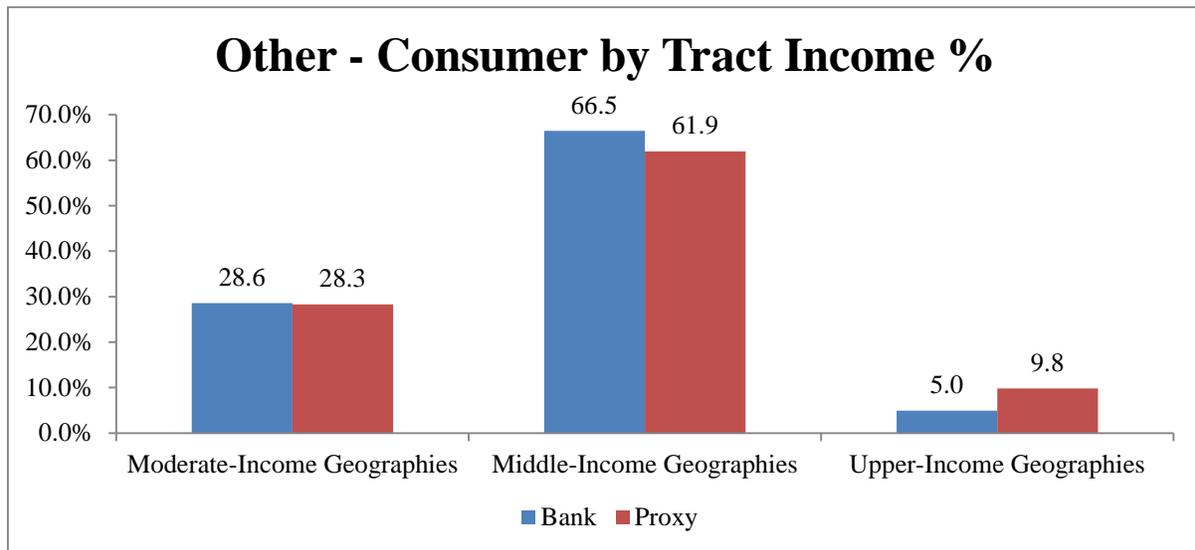
*Other-Unsecured*

Citizens’ performance was compared to the number of households in the assessment area (proxy). As shown in the following graph, Citizens’ lending in moderate- and middle-income tracts is slightly above proxy. Citizens’ geographic distribution of other-unsecured lending is considered excellent.



*Other-Consumer*

Citizens’ performance was compared to the number of households in the assessment area (proxy). As shown in the graph below, Citizens’ lending in moderate- and middle-income tracts is slightly above proxy. Citizens’ geographic distribution of other-unsecured lending is considered excellent.



***Borrower Distribution of Lending***

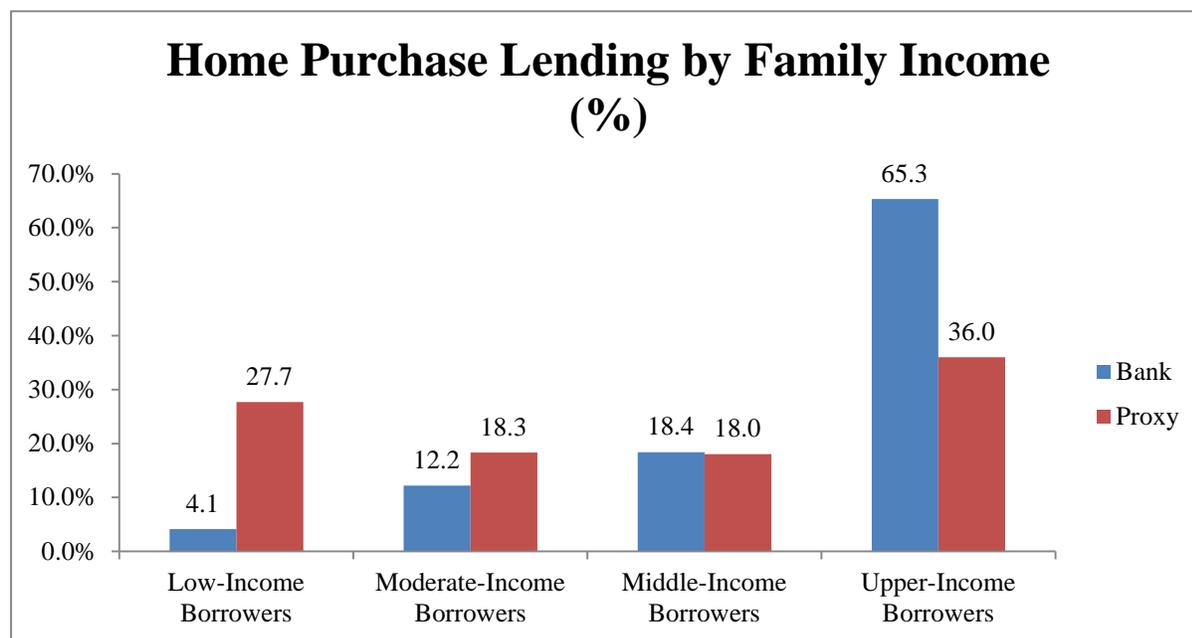
The distribution of loans is reasonable based on borrower income and for businesses of different revenue sizes. Citizens’ performance was compared to the number of families by family income for HMDA loans and the number of households by household income for consumer loans (proxy) in the assessment area.

**HMDA Lending**

During the evaluation period, Citizens originated 209 HMDA loans (98 home purchases and 111 refinance) during the review period where income was reported. Of the 209 loans, four were made to low-, 12 were made to moderate-, 18 were made to middle-, and 64 were made to upper-income borrowers. Citizens’ performance was compared to the number of families by family income in the assessment area (proxy). Poverty levels, lack of affordability, and general economic conditions in the assessment area, which provide limited lending opportunities, were also considered as part of the evaluation.

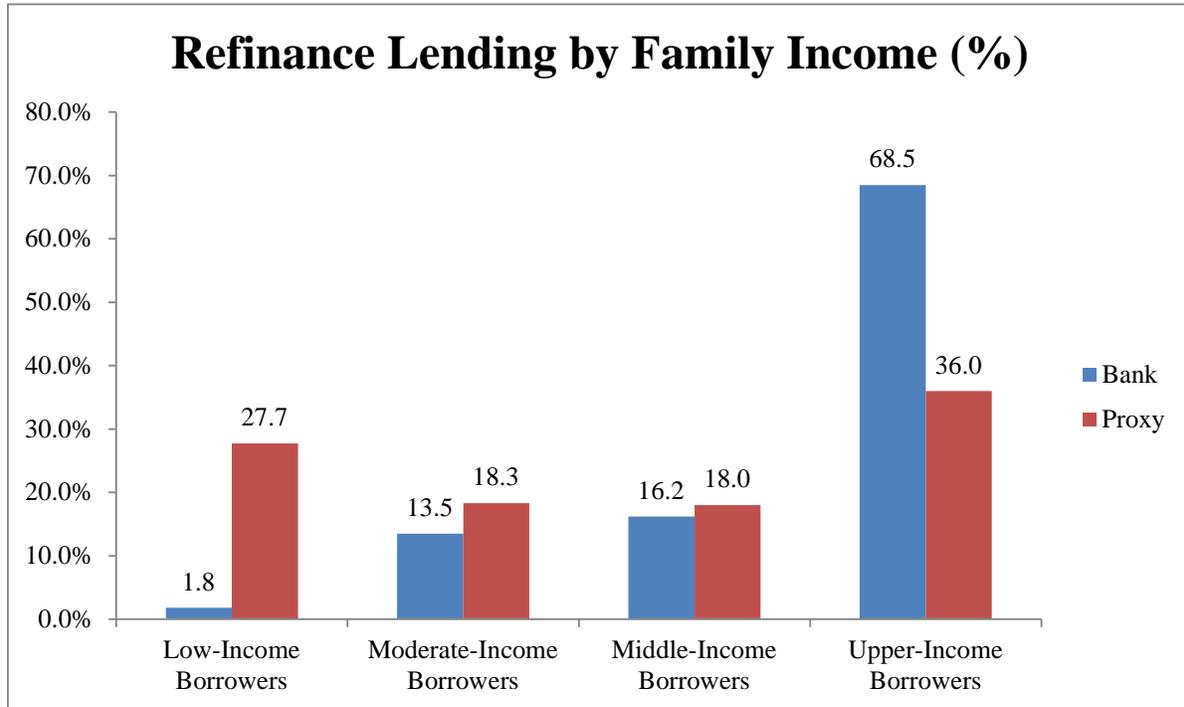
**Home Purchase**

As shown in the chart below, Citizens’ home purchase lending by family income is significantly below proxy for low-income borrowers and below proxy for moderate-income borrowers. Citizens’ numbers for low-income borrowers were similar to peer, which was well below proxy. For 2015, Citizens’ percentage for low-income borrowers 2.6% and peer was 7.8%. Given the high poverty and unemployment levels and low affordability of homes in the assessment area, home purchase lending among borrowers of different incomes is reasonable.



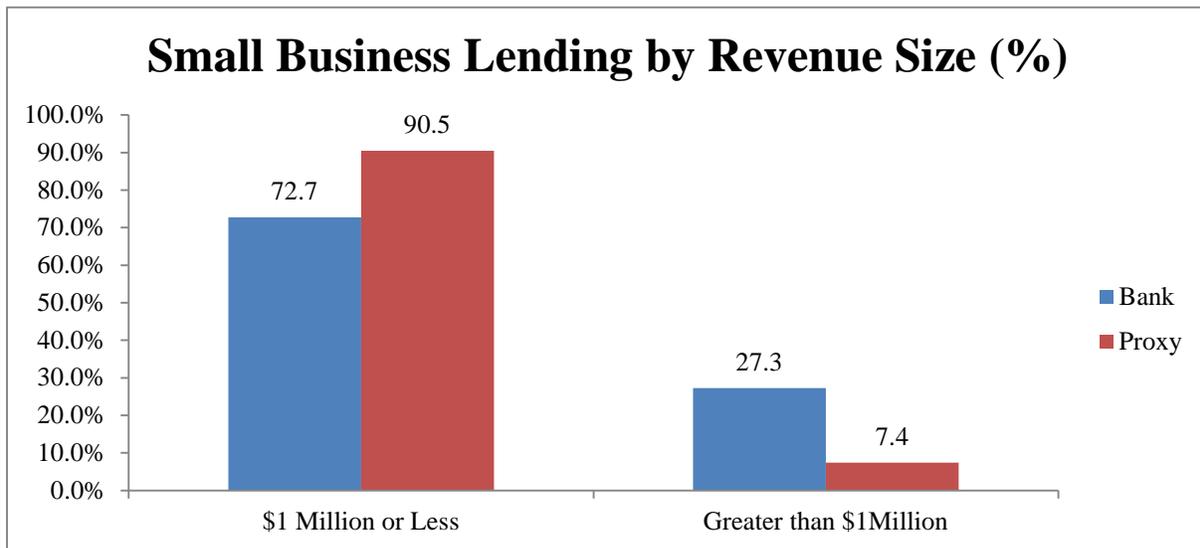
**Refinance**

As shown in the following chart, Citizens’ refinance lending is significantly below proxy for low-income borrowers, while lending to moderate-income borrowers is below proxy. Citizens’ refinance lending to low-income borrowers was similar to peer, which was significantly below proxy. For 2015, Citizens made no refinance loans to low-income borrowers and peer refinance lending was 4.8%. Given the high poverty levels and low affordability of homes in the assessment area, refinance lending among borrowers of different incomes is reasonable.

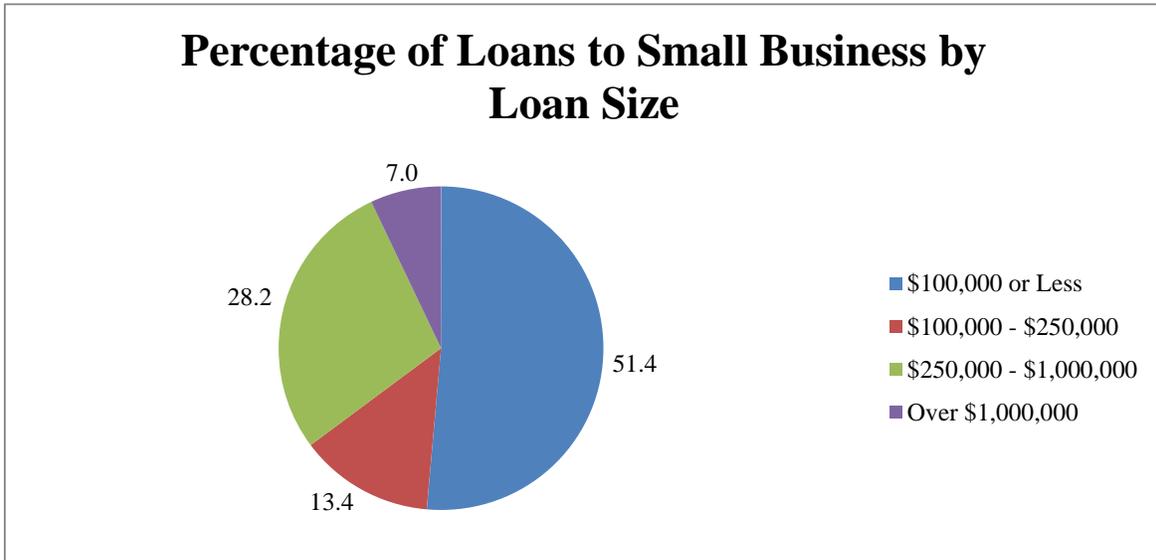


*Small Business Lending*

As depicted in the graph below, Citizens’ lending to businesses with revenue of \$1 million or less is slightly below the percentage of such businesses in the assessment area (proxy).



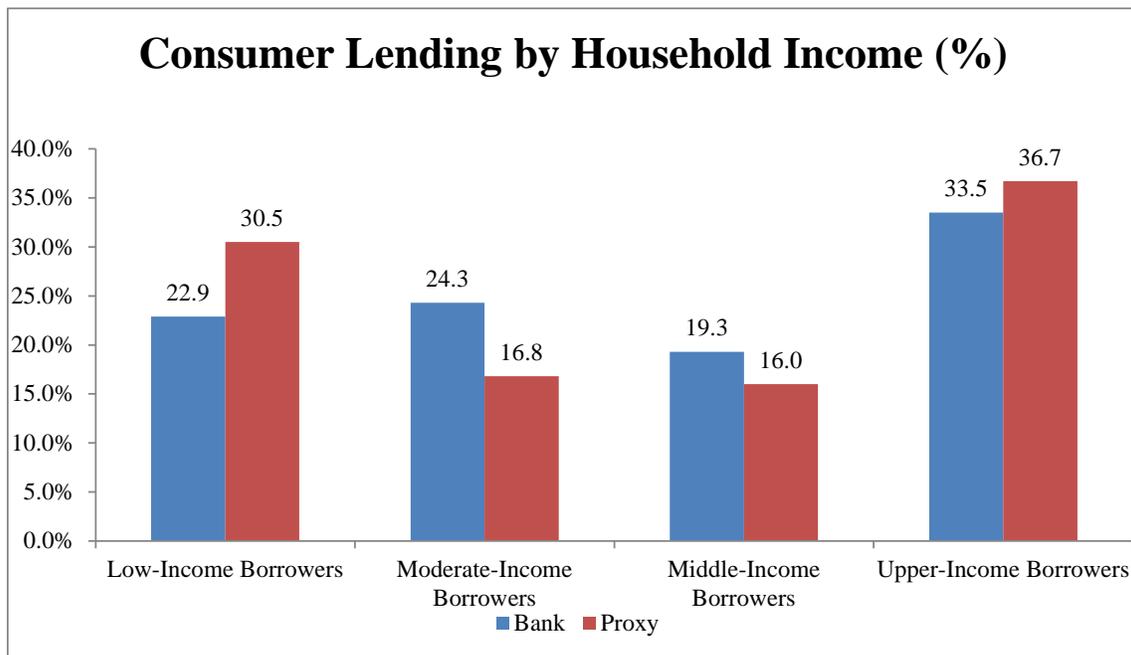
Further analysis of small business lending shows 51.4% of Citizens’ small business loans were for \$100,000 or less. Typically, the extent to which a bank is willing to extend loans in amounts of \$100,000 or less is reviewed because smaller businesses often have a greater need for small-dollar loans. The borrower distribution for small business lending is considered reasonable.



### Consumer Lending

During the evaluation period, Citizens originated 140 consumer loans during the review period where income was reported. Of the 209 loans, 32 were made to low-, 34 were made to moderate-, 27 were made to middle-, and 47 were made to upper-income borrowers. Citizens' performance was compared to the number of households by household income for consumer loans (proxy).

As shown in the graph below, Citizens lending to low-income borrowers is slightly below proxy and slightly above proxy for moderate-income borrowers. The borrower distribution of consumer loans is considered reasonable.



## **Community Development Test**

Citizens' community development (CD) performance demonstrates an excellent responsiveness to the community development needs of its assessment area through CD loans, qualified investments, and services, as appropriate, considering Citizens' capacity and the need and availability of such opportunities in its assessment area.

### ***Community Development Loans***

Citizens made 22 community development loans totaling \$14.4 million in the assessment area since the previous evaluation. Ten loans were targeted to provide community services to low- or moderate-income individuals (one of these loans was targeted to provide community services to an underserved/distressed middle-income area), nine loans were to revitalize and stabilize low- and moderate-income and underserved/distressed middle-income areas, two loans were geared toward affordable housing, and one loan provided economic development by financing a small business.

### ***Community Development Investments***

Citizens made \$110,000 in donations to organizations within the assessment area since the previous evaluation, including a \$50,000 donation of a bank building. The building was donated to the Lawrence County Historical Society and will revitalize and stabilize a moderate-income area and preserve the region's historical resources. Also, two donations of \$30,000 each were made to One East Kentucky, an organization that helps to revitalize and stabilize low- and moderate-income areas by recruiting new jobs and investments for Eastern Kentucky.

### ***Community Development Services***

Five of Citizens' directors, officers, and staff members provided 78.5 hours to six different organizations by engaging in financial literacy and board membership activities that promoted or facilitated services for low- and moderate-income individuals and revitalizing and stabilizing low- or moderate-income areas, including underserved and distressed middle-income areas.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE  
HUNTINGTON-ASHLAND METROPOLITAN STATISTICAL AREA #26580  
(Limited-scope Review)**

The Huntington-Ashland MSA consists of two counties in Kentucky (Boyd and Greenup Counties), one county in Ohio (Lawrence County), and four counties in West Virginia (Cabell, Lincoln, Putnam and Wayne counties). Citizens' assessment area only includes portions of the two counties in Kentucky, including eight tracts in Boyd County and four tracts in Greenup County. Of the 12 census tracts in the Huntington-Ashland MSA, one is low-income (8.3%), two are moderate-income (16.7%), six are middle-income (50%), and three are upper-income (25%). While the Huntington-Ashland MSA is a multi-state area, for the purpose of this review, it will not be treated as multi-state, since Citizens only takes counties and has branches within Kentucky.

As of June 30, 2016, Citizens ranked ninth out of 10 institutions with 3.5% of the deposits in this assessment area. Citizens operates two branches with full-service ATMs in this assessment area. There is a full-service branch in Ashland, Kentucky (Boyd County) and a drive-thru in Russell, Kentucky (Greenup County).

Between January 1, 2014 and December 31, 2016, Citizens originated 58 residential real estate loans in the Huntington-Ashland MSA. Between January 1, 2015 and December 31, 2016, Citizens originated 56 small business loans in the Huntington-Ashland MSA. There were not enough consumer loans to conduct a meaningful analysis. In addition, there were not enough small business loans with revenue reported to conduct a meaningful analysis of the borrower distribution of small business loans. Based on Citizens' lending volume, a limited-scope review was conducted in this assessment area.

One community contact interview was conducted to provide additional information regarding the credit needs of the local community and context to the demographic and economic characteristics discussed below. The interview was conducted with an organization focusing on economic development in Boyd County, Kentucky. The contact stated that economic conditions in Boyd County have declined due to the loss of a large manufacturer in recent years and while the county lags the rest of the country, it is stable. The contact indicated the organization refers small businesses to work with a local bank in the area. The contact stated many banks seem unwilling to take risks on newer or start-up businesses and that business owners often have to mortgage their residence or have other financial backing if the business is not well-established. Overall, the contact feels banks are meeting business customer's lending needs.

Facts and data reviewed, including performance and demographic information, can be found in the core tables accompanying this report in Appendix B.

The following table shows the demographics for this assessment area using data from the 2010 U. S. Census.

### Combined Demographics Report

Assessment Area(s): Huntington Ashland MSA 2016 Partial (Initial)

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	8.3	168	1.5	33	19.6	2,384	20.8
Moderate-income	2	16.7	1,427	12.5	431	30.2	1,961	17.1
Middle-income	6	50	6,786	59.3	862	12.7	2,447	21.4
Upper-income	3	25	3,071	26.8	116	3.8	4,660	40.7
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>12</b>	<b>100.0</b>	<b>11,452</b>	<b>100.0</b>	<b>1,442</b>	<b>12.6</b>	<b>11,452</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	929	66	0.5	7.1	670	72.1	193	20.8
Moderate-income	3,070	1,159	9.5	37.8	1,548	50.4	363	11.8
Middle-income	11,050	7,437	61	67.3	2,519	22.8	1,094	9.9
Upper-income	5,175	3,523	28.9	68.1	1,000	19.3	652	12.6
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>20,224</b>	<b>12,185</b>	<b>100.0</b>	<b>60.3</b>	<b>5,737</b>	<b>28.4</b>	<b>2,302</b>	<b>11.4</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	451	24.6	373	22.8	73	41	5	22.7
Moderate-income	283	15.4	255	15.6	28	15.7	0	0
Middle-income	644	35.1	587	35.9	44	24.7	13	59.1
Upper-income	458	24.9	421	25.7	33	18.5	4	18.2
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>1,836</b>	<b>100.0</b>	<b>1,636</b>	<b>100.0</b>	<b>178</b>	<b>100.0</b>	<b>22</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.1</b>		<b>9.7</b>		<b>1.2</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	1	20	1	20	0	0	0	0
Middle-income	2	40	2	40	0	0	0	0
Upper-income	2	40	2	40	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>5</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>.0</b>		<b>.0</b>	

2016 FFIEC Census Data and 2016 D&B Information

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN  
HUNTINGTON-ASHLAND METROPOLITAN STATISTICAL AREA #26580**

Lending activity in this assessment area is consistent with Citizens' overall lending and community development performance in Citizens' overall assessment area.

During the evaluation period, Citizens' originated loans in all of the census tracts within the assessment area.

Citizens has a reasonable distribution of loans among geographies, but a poor distribution of loans based on borrower income levels.

Citizens originated five community development loans totaling \$3.9 million. Four loans were to revitalize and stabilize low- and moderate-income areas, while one loan promoted economic development by financing a small business. Citizens did not generate any community development investments or donations within this assessment area. One employee provided 48 hours of community development service within this assessment area by acting as a secretary/treasurer to an economic development organization.

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE  
LEXINGTON-FAYETTE METROPOLITAN STATISTICAL AREA #30460**  
*Limited-Scope Review*

The Lexington-Fayette MSA consists of six counties in Kentucky (Bourbon, Clark, Fayette, Jessamine, Scott and Woodford); however, Citizens' Lexington-Fayette assessment area only includes Clark County. Of the 10 census tracts in the Lexington-Fayette MSA, none are low-income, four are moderate-income (40.0%), four are middle-income (40.0%), and two are upper-income (20.0%).

As of June 30, 2016, Citizens ranked fifth of 10 institutions with 12.3% of the deposits in the assessment area. Citizens operates one branch with a full-service ATM in this assessment area located in Winchester, Kentucky.

This is a new market for Citizens; thus, there were not enough loans generated in any category of lending to conduct a meaningful analysis. Based on Citizens' limited lending volume, a limited-scope review was conducted in this assessment area.

Facts and data reviewed, including performance and demographic information, can be found in the core tables accompanying this report in Appendix B.

The following table shows the demographics for this assessment area using data from the 2010 U. S. Census.

### Combined Demographics Report

Assessment Area(s): Lexington Fayette KY MSA 2016 Partial (Initial)

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	2,680	25.9
Moderate-income	4	40	4,435	42.8	882	19.9	1,914	18.5
Middle-income	4	40	3,953	38.1	312	7.9	2,624	25.3
Upper-income	2	20	1,977	19.1	76	3.8	3,147	30.4
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>10</b>	<b>100.0</b>	<b>10,365</b>	<b>100.0</b>	<b>1,270</b>	<b>12.3</b>	<b>10,365</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	7,345	3,238	34.2	44.1	3,359	45.7	748	10.2
Middle-income	5,682	4,101	43.3	72.2	1,316	23.2	265	4.7
Upper-income	2,626	2,141	22.6	81.5	380	14.5	105	4
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>15,653</b>	<b>9,480</b>	<b>100.0</b>	<b>60.6</b>	<b>5,055</b>	<b>32.3</b>	<b>1,118</b>	<b>7.1</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	562	42.1	498	40.9	61	55.5	3	42.9
Middle-income	532	39.8	488	40	42	38.2	2	28.6
Upper-income	242	18.1	233	19.1	7	6.4	2	28.6
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>1,336</b>	<b>100.0</b>	<b>1,219</b>	<b>100.0</b>	<b>110</b>	<b>100.0</b>	<b>7</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>91.2</b>		<b>8.2</b>		<b>.5</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	8	12.3	8	12.3	0	0	0	0
Middle-income	34	52.3	34	52.3	0	0	0	0
Upper-income	23	35.4	23	35.4	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>65</b>	<b>100.0</b>	<b>65</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>.0</b>		<b>.0</b>	

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN  
LEXINGTON-FAYETTE METROPOLITAN STATISTICAL AREA 30460**

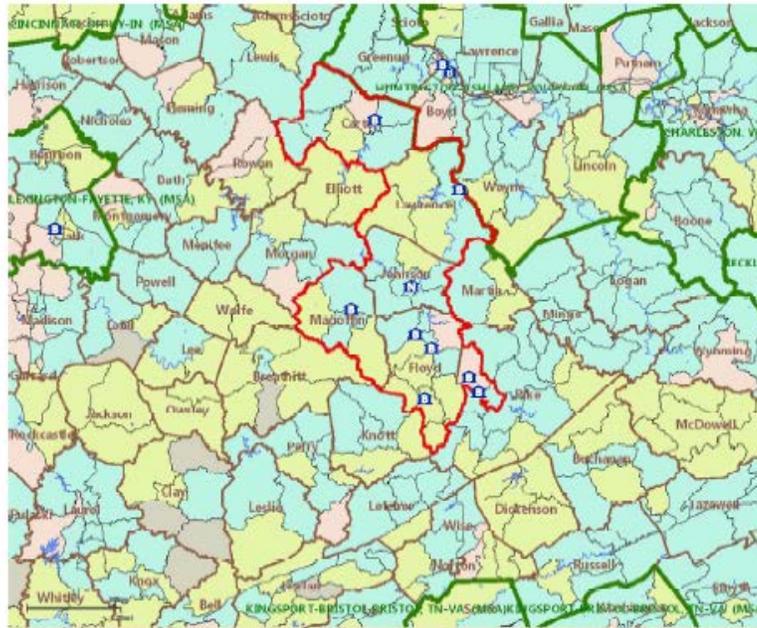
An analysis and conclusion regarding lending activity in this assessment area could not be determined due to the limited lending data available. The assessment area was expanded to include Clark County, Kentucky (Lexington-Fayette, KY MSA) after an acquisition in 2016. Citizens originated HMDA, small business, and consumer loans during the evaluation period. However, there were not enough loans generated in any category of lending to conduct a meaningful analysis. Based on Citizens' limited lending volume, a limited-scope review was conducted in this assessment area.

Citizens originated one community development loan totaling \$188,000 to a new hardware store that will revitalize a moderate-income area by adding three new jobs. Citizens did not generate any community development investments, donations, or services within this assessment area.

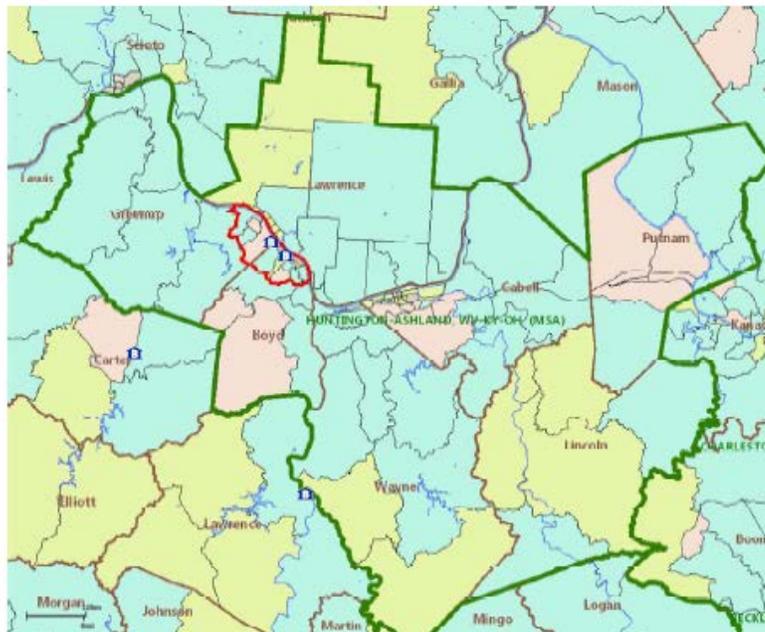
## APPENDIX A

### ASSESSMENT AREA MAP

**Assessment Area: Non MSA Eastern KY**  
 2016 LMI Tracts



**Assessment Area: Huntington Ashland MSA**  
 2016 LMI Tracts





**APPENDIX B**

**LENDING TABLES**

**HMDA Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group : Non MSA Eastern KY Combined Years

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	4	3.7%	230	1.4%
Moderate	22	20.2%	2,554	15.5%	12	11.0%	770	4.7%
Low/Moderate Total	22	20.2%	2,554	15.5%	16	14.7%	1,000	6.1%
Middle	82	75.2%	12,984	79.0%	18	16.5%	1,626	9.9%
Upper	5	4.6%	895	5.4%	64	58.7%	12,371	75.3%
Unknown	0	0.0%	0	0.0%	11	10.1%	1,436	8.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	109	100.0%	16,433	100.0%	109	100.0%	16,433	100.0%
<b>Refinance</b>								
Low	0	0.0%	0	0.0%	2	1.7%	69	0.4%
Moderate	16	13.2%	1,806	10.5%	15	12.4%	1,272	7.4%
Low/Moderate Total	16	13.2%	1,806	10.5%	17	14.0%	1,341	7.8%
Middle	100	82.6%	13,495	78.8%	18	14.9%	1,787	10.4%
Upper	5	4.1%	1,821	10.6%	76	62.8%	12,677	74.0%
Unknown	0	0.0%	0	0.0%	10	8.3%	1,317	7.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	121	100.0%	17,122	100.0%	121	100.0%	17,122	100.0%
<b>Home Improvement</b>								
Low	0	0.0%	0	0.0%	3	6.4%	131	1.9%
Moderate	9	19.1%	523	7.6%	3	6.4%	146	2.1%
Low/Moderate Total	9	19.1%	523	7.6%	6	12.8%	277	4.0%
Middle	35	74.5%	5,213	75.6%	7	14.9%	553	8.0%
Upper	3	6.4%	1,161	16.8%	26	55.3%	4,607	66.8%
Unknown	0	0.0%	0	0.0%	8	17.0%	1,460	21.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	47	100.0%	6,897	100.0%	47	100.0%	6,897	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	180	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	180	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	180	100.0%	1	100.0%	180	100.0%
<b>HMDA Totals</b>								
Low	0	0.0%	0	0.0%	9	3.2%	430	1.1%
Moderate	47	16.9%	4,883	12.0%	30	10.8%	2,188	5.4%
Low/Moderate Total	47	16.9%	4,883	12.0%	39	14.0%	2,618	6.4%
Middle	217	78.1%	31,692	78.0%	43	15.5%	3,966	9.8%
Upper	14	5.0%	4,057	10.0%	166	59.7%	29,655	73.0%
Unknown	0	0.0%	0	0.0%	30	10.8%	4,393	10.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	278	100.0%	40,632	100.0%	278	100.0%	40,632	100.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group: Non MSA Eastern KY Combined Years

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	12	8.5%	665	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	12	8.5%	665	1.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	118	83.1%	52,057	92.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	12	8.5%	3,736	6.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	142	100.0%	56,458	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>											
Total \$1 Million or Less	40	28.2%	9,625	17.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million	15	10.6%	14,327	25.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	87	61.3%	32,507	57.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	142	100.0%	56,458	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>											
\$100,000 or less	73	51.4%	2,502	4.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	19	13.4%	2,977	5.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	40	28.2%	23,423	41.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	10	7.0%	27,556	48.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	142	100.0%	56,458	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	23	57.5%	812	8.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	5	12.5%	700	7.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	11	27.5%	6,940	72.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	1	2.5%	1,174	12.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	40	100.0%	9,625	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**Consumer Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group : Non MSA Eastern KY Combined Years

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	16	13.3%	632	10.1%	4	3.3%	145	2.3%
Low/Moderate Total	16	13.3%	632	10.1%	4	3.3%	145	2.3%
Middle	98	81.7%	4,972	79.7%	1	0.8%	25	0.4%
Upper	6	5.0%	633	10.2%	18	15.0%	901	14.4%
Unknown	0	0.0%	0	0.0%	97	80.8%	5,166	82.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	120	100.0%	6,237	100.0%	120	100.0%	6,237	100.0%
	<b>Motor Vehicle</b>							
Low	0	0.0%	0	0.0%	6	6.3%	34	3.9%
Moderate	36	37.9%	259	30.0%	5	5.3%	22	2.5%
Low/Moderate Total	36	37.9%	259	30.0%	11	11.6%	56	6.5%
Middle	55	57.9%	525	61.0%	4	4.2%	24	2.7%
Upper	4	4.2%	77	9.0%	5	5.3%	93	10.9%
Unknown	0	0.0%	0	0.0%	75	78.9%	689	79.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	95	100.0%	862	100.0%	95	100.0%	861	100.0%
	<b>Other - Unsecured</b>							
Low	0	0.0%	0	0.0%	19	6.0%	56	3.3%
Moderate	102	32.1%	453	26.3%	19	6.0%	83	4.8%
Low/Moderate Total	102	32.1%	453	26.3%	38	11.9%	139	8.1%
Middle	204	64.2%	1,177	68.3%	13	4.1%	77	4.4%
Upper	12	3.8%	93	5.4%	19	6.0%	172	10.0%
Unknown	0	0.0%	0	0.0%	248	78.0%	1,337	77.5%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	318	100.0%	1,724	100.0%	318	100.0%	1,724	100.0%
	<b>Other Consumer Loans</b>							
Low	0	0.0%	0	0.0%	7	4.3%	32	1.0%
Moderate	46	28.6%	1,039	31.4%	6	3.7%	40	1.2%
Low/Moderate Total	46	28.6%	1,039	31.4%	13	8.1%	72	2.2%
Middle	107	66.5%	2,203	66.6%	9	5.6%	123	3.7%
Upper	8	5.0%	66	2.0%	5	3.1%	282	8.5%
Unknown	0	0.0%	0	0.0%	134	83.2%	2,831	85.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	161	100.0%	3,308	100.0%	161	100.0%	3,308	100.0%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	32	4.6%	122	1.0%
Moderate	200	28.8%	2,383	19.6%	34	4.9%	290	2.4%
Low/Moderate Total	200	28.8%	2,383	19.6%	66	9.5%	412	3.4%
Middle	464	66.9%	8,877	73.2%	27	3.9%	248	2.0%
Upper	30	4.3%	870	7.2%	47	6.8%	1,448	11.9%
Unknown	0	0.0%	0	0.0%	554	79.8%	10,022	82.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	694	100.0%	12,130	100.0%	694	100.0%	12,130	100.0%

**HMDA Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group : Huntington Ashland MSA Combined Years

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Home Purchase</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	6	18.2%	1,217	25.8%	2	6.1%	180	3.8%
Low/Moderate Total	6	18.2%	1,217	25.8%	2	6.1%	180	3.8%
Middle	13	39.4%	1,444	30.6%	7	21.2%	752	15.9%
Upper	14	42.4%	2,056	43.6%	20	60.6%	3,177	67.4%
Unknown	0	0.0%	0	0.0%	4	12.1%	608	12.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	33	100.0%	4,717	100.0%	33	100.0%	4,717	100.0%
<b>Refinance</b>								
Low	1	4.8%	36	0.8%	0	0.0%	0	0.0%
Moderate	2	9.5%	309	6.9%	2	9.5%	78	1.7%
Low/Moderate Total	3	14.3%	345	7.7%	2	9.5%	78	1.7%
Middle	6	28.6%	1,275	28.4%	2	9.5%	323	7.2%
Upper	12	57.1%	2,867	63.9%	16	76.2%	3,946	87.9%
Unknown	0	0.0%	0	0.0%	1	4.8%	140	3.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	21	100.0%	4,487	100.0%	21	100.0%	4,487	100.0%
<b>Home Improvement</b>								
Low	1	33.3%	74	13.7%	0	0.0%	0	0.0%
Moderate	1	33.3%	16	3.0%	0	0.0%	0	0.0%
Low/Moderate Total	2	66.7%	90	16.7%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	33.3%	450	83.3%	3	100.0%	540	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	540	100.0%	3	100.0%	540	100.0%
<b>Multi-Family</b>								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	34	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	34	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	34	100.0%	1	100.0%	34	100.0%
<b>HMDA Totals</b>								
Low	2	3.4%	110	1.1%	0	0.0%	0	0.0%
Moderate	9	15.5%	1,542	15.8%	4	6.9%	258	2.6%
Low/Moderate Total	11	19.0%	1,652	16.9%	4	6.9%	258	2.6%
Middle	20	34.5%	2,753	28.2%	9	15.5%	1,075	11.0%
Upper	27	46.6%	5,373	54.9%	39	67.2%	7,663	78.4%
Unknown	0	0.0%	0	0.0%	6	10.3%	782	8.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	58	100.0%	9,778	100.0%	58	100.0%	9,778	100.0%

\*Information based on 2010 ACS data

**CRA Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group: Huntington Ashland MSA Combined Years

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	5	8.9%	130	1.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	5	8.9%	1,230	12.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	10	17.9%	1,361	14.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	20	35.7%	3,631	37.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	26	46.4%	4,741	48.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	56	100.0%	9,733	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>											
Total \$1 Million or Less	26	46.4%	3,872	39.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million	1	1.8%	100	1.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	29	51.8%	5,761	59.2%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	56	100.0%	9,733	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>											
\$100,000 or less	31	55.4%	1,372	14.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	13	23.2%	2,199	22.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	11	19.6%	4,996	51.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	1	1.8%	1,165	12.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	56	100.0%	9,733	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	14	53.8%	661	17.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	23.1%	989	25.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	6	23.1%	2,222	57.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	26	100.0%	3,872	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

### Consumer Loan Distribution Table

Exam: Citizens Bk of KY

Assessment Area/Group : Huntington Ashland MSA Combined Years

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Equity</b>							
Low	1	3.3%	10	0.4%	0	0.0%	0	0.0%
Moderate	4	13.3%	80	3.4%	0	0.0%	0	0.0%
Low/Moderate Total	5	16.7%	90	3.9%	0	0.0%	0	0.0%
Middle	10	33.3%	494	21.1%	0	0.0%	0	0.0%
Upper	15	50.0%	1,752	75.0%	9	30.0%	748	32.0%
Unknown	0	0.0%	0	0.0%	21	70.0%	1,588	68.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	30	100.0%	2,336	100.0%	30	100.0%	2,336	100.0%
	<b>Motor Vehicle</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	50.0%	35	68.7%	0	0.0%	0	0.0%
Low/Moderate Total	2	50.0%	35	68.7%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	2	50.0%	16	31.3%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	4	100.0%	51	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	4	100.0%	51	100.0%	4	100.0%	51	100.0%
	<b>Other - Unsecured</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	25.0%	16	10.7%	0	0.0%	0	0.0%
Low/Moderate Total	2	25.0%	16	10.7%	0	0.0%	0	0.0%
Middle	3	37.5%	41	26.5%	1	12.5%	3	2.0%
Upper	3	37.5%	97	62.8%	3	37.5%	65	42.2%
Unknown	0	0.0%	0	0.0%	4	50.0%	86	55.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	154	100.0%	8	100.0%	154	100.0%
	<b>Other Consumer Loans</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	75.0%	26	41.6%	0	0.0%	0	0.0%
Upper	1	25.0%	37	58.4%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	4	100.0%	63	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	4	100.0%	63	100.0%	4	100.0%	63	100.0%
	<b>Consumer Loan Totals</b>							
Low	1	2.2%	10	0.4%	0	0.0%	0	0.0%
Moderate	8	17.4%	132	5.1%	0	0.0%	0	0.0%
Low/Moderate Total	9	19.6%	142	5.4%	0	0.0%	0	0.0%
Middle	16	34.8%	561	21.5%	1	2.2%	3	0.1%
Upper	21	45.7%	1,902	73.0%	12	26.1%	813	31.2%
Unknown	0	0.0%	0	0.0%	33	71.7%	1,789	68.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	46	100.0%	2,605	100.0%	46	100.0%	2,605	100.0%

**HMDA Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group : Lexington Fayette MSA Combined Years

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Purchase</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	100.0%	48	100.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	100.0%	48	100.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	100.0%	48	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	48	100.0%	1	100.0%	48	100.0%
	<b>Refinance</b>							
Low	0	0.0%	0	0.0%	1	50.0%	65	48.1%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	1	50.0%	65	48.1%
Middle	0	0.0%	0	0.0%	1	50.0%	70	51.9%
Upper	2	100.0%	135	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	135	100.0%	2	100.0%	135	100.0%
	<b>Home Improvement</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>Multi-Family</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>HMDA Totals</b>							
Low	0	0.0%	0	0.0%	1	33.3%	65	35.5%
Moderate	1	33.3%	48	26.2%	0	0.0%	0	0.0%
Low/Moderate Total	1	33.3%	48	26.2%	1	33.3%	65	35.5%
Middle	0	0.0%	0	0.0%	1	33.3%	70	38.3%
Upper	2	66.7%	135	73.8%	1	33.3%	48	26.2%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	183	100.0%	3	100.0%	183	100.0%

\*Information based on 2010 ACS data

CRA Loan Distribution Table

Exam: Citizens Bk of KY

Assessment Area/Group: Lexington Fayette MSA Combined Years

Income Categories	SMALL BUSINESS				SMALL FARM				SMALL BUS. SECURED BY REAL ESTATE			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>											
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	14.3%	15	2.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	14.3%	15	2.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	6	85.7%	625	97.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	640	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>											
Total \$1 Million or Less	3	42.9%	299	46.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million	1	14.3%	50	7.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Not Known	3	42.9%	291	45.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	640	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>											
\$100,000 or less	5	71.4%	213	33.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	2	28.6%	427	66.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	640	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>											
\$100,000 or less	2	66.7%	60	20.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	33.3%	239	79.9%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	299	100.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

**Consumer Loan Distribution Table**

Exam: Citizens Bk of KY

Assessment Area/Group : Lexington Fayette MSA Combined Years

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>Home Equity</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	2	100.0%	82	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	2	100.0%	82	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	82	100.0%	2	100.0%	82	100.0%
	<b>Motor Vehicle</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	100.0%	32	100.0%	0	0.0%	0	0.0%
Low/Moderate Total	1	100.0%	32	100.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	32	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	32	100.0%	1	100.0%	32	100.0%
	<b>Other - Unsecured</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	33.3%	5	15.4%	0	0.0%	0	0.0%
Low/Moderate Total	1	33.3%	5	15.4%	0	0.0%	0	0.0%
Middle	1	33.3%	2	6.0%	0	0.0%	0	0.0%
Upper	1	33.3%	26	78.5%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	3	100.0%	33	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	3	100.0%	33	100.0%	3	100.0%	33	100.0%
	<b>Other Consumer Loans</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	1	100.0%	17	100.0%
Low/Moderate Total	0	0.0%	0	0.0%	1	100.0%	17	100.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	17	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	17	100.0%	1	100.0%	17	100.0%
	<b>Consumer Loan Totals</b>							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	28.6%	37	22.7%	1	14.3%	17	10.1%
Low/Moderate Total	2	28.6%	37	22.7%	1	14.3%	17	10.1%
Middle	1	14.3%	2	1.2%	0	0.0%	0	0.0%
Upper	4	57.1%	124	76.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	6	85.7%	147	89.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	7	100.0%	163	100.0%	7	100.0%	163	100.0%

## APPENDIX C

### GLOSSARY OF TERMS

**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 metropolitan area/assessment area.

**Census tract:** 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 statistical areas. Census tracts 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:** All Agencies have adopted the following language. 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 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or,
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**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-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 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 (for example, approved, denied, and withdrawn).

**Home mortgage loans:** Includes 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 refinancing 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 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-scope review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

**Metropolitan area (MA):** A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

**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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

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