



LARGE BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

September 15, 2004

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

**The Citizens National Bank Of Somerset
Charter Number 11544**

**44 Public Square
Somerset, KY 42501**

**Comptroller of the Currency
Louisville Field Office
9200 Shelbyville Road, Suite 505
Louisville, KY 40222**

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

DESCRIPTION OF INSTITUTION	1
EVALUATION PERIOD.....	2
OVERALL CRA RATING	3
<i>Lending</i>	3
<i>Investments</i>	5
<i>Services</i>	5
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW	9

Description of Institution

Citizens National Bank (CNB) is a \$318 million intrastate bank headquartered in Somerset, Kentucky. CNB is wholly owned by Citizens Bancshares, Incorporated, a one-bank holding company. The bank's market and its eight branches are all located in Pulaski County, Kentucky. CNB did not have any mergers or acquisitions during this evaluation period.

CNB's primary lending focus is home mortgage loans, business loans, and consumer loans. CNB also makes loans to small businesses and farms in the area. As of June 30, 2004, CNB had net loans to total assets of 63 percent. The loan portfolio consists of mostly 1-4 Family Residential mortgages (33 percent) with non-farm, non-residential loans accounting for 27 percent of the portfolio. In addition, the bank's portfolio consists of the following: Commercial & Industrial loans – 18 percent, Construction and Development – 10 percent, Consumer loans – 7 percent, Farmland – 3 percent, Ag loans – approximately 1 percent, and Financial Institution loans – approximately 1 percent.

CNB delineated one assessment area (AA), which includes all of Pulaski County. This AA is in a non-metropolitan area and consists of 11 geographies. The AA is legal and the bank did not arbitrarily exclude any low- or moderate-income geographies.

Note: For this examination, we will be using two sets of demographic information: one set based upon the 1990 census and one set based upon the 2000 census. For our analysis of borrower distribution, we will be using the 2000 census information for our review of all loans. However, for our analysis of geographic distribution, we will be using both sets of information for a comparison of loan distribution among the different census tracts depending upon the year of origination. For all loans originated in 2002 or before, we will be using the 1990 census demographics. For all loans originated in 2003 or later, we will be using the 2000 census demographics. The 1990 U.S. Census divided the assessment area into eleven census tracts (CTs), with two being classified as moderate-income geographies, eight middle-income geographies, and one upper-income geography. There were no low-income CT's identified within Pulaski County during the 1990 census. This determination was based on the Kentucky 1990 Median Family Income for a non-metropolitan area of \$36,300. The 2000 U. S. Census divided the assessment area into eleven census tracts (CT's) as well, however, with one CT being classified as moderate-income, nine CTs being classified as middle-income, and one CT being classified as upper-income. There were no low-income CT's identified within Pulaski County during the 2000 census. This was based on the Kentucky 2000 Median Family Income for a non-metropolitan area of \$38,600.

Competition is considered strong and involves significant competition from a large number of financial institutions. As of June 30, 2003, CNB has the largest deposit market share (32.29 percent) within their market.

We contacted two community organizations to ascertain the community and credit needs in the AA. A local economic development organization stated a need to continue recruiting industry to the area to further reduce the unemployment rate. A low-income housing organization indicated a need for more affordable home financing along with more flexible underwriting criteria.

There are no legal, financial, or other factors impeding CNB's ability to help meet the credit needs in its AA. As of June 30, 2004, CNB had Net Tier 1 Capital of \$35 million or approximately 11 percent of total assets.

CNB was rated "Satisfactory" at its last CRA evaluation dated October 9, 1997.

Evaluation Period

We performed a full-scope review in the non-metropolitan AA (Pulaski County).

We evaluated CNB's mortgage and small business/small farm lending using data for the period beginning January 1, 2000 through December 31, 2003. For community development loans, investments, and services, our evaluation period runs from the ending date of the last CRA examination, which is October 9, 1997, through September 20, 2004, the starting date of this evaluation.

The bank does not have an office located in a metropolitan statistical area, and therefore, is not subject to the Home Mortgage Disclosure Act (HMDA) that requires certain home mortgage data collection.

Overall CRA Rating

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

The following table indicates the performance level of **The Citizens National Bank Of Somerset** with respect to the lending, investment, and service tests:

Performance Levels	The Citizens National Bank of Somerset Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

Due to CNB's business focus, we gave the greatest weight to home mortgage loans. Affordable housing is a significant credit need as indicated by the community groups we contacted. Our rating of the bank's performance takes this information into consideration.

The major factors supporting this overall rating and conclusions with respect to performance tests are as follows:

Lending

Refer to Table 1 through 13 in Appendix C for facts and data used to evaluate the bank's lending.

Performance is rated outstanding. While the geographic distribution of loans within the AA's moderate-income CTs was reasonable, the distribution of loans to small businesses and small farms as well as borrower distribution among the different income levels for mortgages was considered excellent. In addition, CNB made thirteen community development loans and they offer customer access to some flexible affordable housing products.

- CNB's lending activity is excellent. The bank's deposit market share of Pulaski County is 32 percent, which compares favorably with its small business loan market share of 13.45 percent. Market share for loans reportable under the Home Mortgage Disclosure Act was not available as this bank is not subject to HMDA.

- We calculated the inside/outside ratio at the bank level and found a substantial majority of loans and other lending-related activities are in the bank's AA. The bank originated 92 percent of its home mortgage loans, 98 percent of its small business loans, and 100 percent of its small farm loans in the AA.
- The overall geographic distribution of loans reflects good dispersion throughout the assessment area for mortgages, business loans, and farm loans with reasonable geographic penetration of the moderate-income CTs. There were no low-income census tracts within the AA. CNB's lending activity extends throughout the assessment area. There were no conspicuous gaps in lending within Pulaski County.
- CNB's overall distribution of home mortgage loans reflects reasonable penetration among individuals of different income levels. CNB granted 12 percent of its mortgage loans to low-income individuals, which is below the 21 percent of low-income families in the area. However, 23 percent of its mortgage loans were made to moderate-income individuals, which significantly exceeds the 18 percent of families within that income level.
- CNB's distribution of small loans to businesses and farms was excellent. Loans to businesses with revenues of \$1 million or less represented approximately 100 percent of the bank's reportable loans, which was greater than the 65 percent of area businesses with revenues of less than \$1 million. Loans to farms with revenues of \$1 million or less represented 100 percent of the bank's reportable loans, which was greater than the 96 percent of area farms with revenues of less than \$1 million. (Note: This is based upon information as of Year End 2003.)
- Community development lending positively impacted the bank's rating. CNB originated 13 qualified loans totaling \$7.2 million, representing approximately 21 percent of CNB's tier one capital. This volume is highly favorable because the money went into projects that improved the economics of Pulaski County, as well as created jobs for LMI individuals or programs that provided services and benefits to LMI families and children in the AA.
- While CNB offers traditional lending products within their AA, they also offer access to affordable housing loan products through the secondary market and/or through the Kentucky Housing Corporation (KHC). Since 1998, CNB has originated 1,783 loans for \$130 million that were underwritten within the Freddie Mac guidelines. Out of these loans, they sold \$33 million on the secondary market through Freddie Mac. In addition, the bank has originated 117 loans through KHC for a total of \$9 million. All of these loans involved the completion of affordable housing units typically for low- and/or moderate-income borrowers.

Investments

In evaluating the bank's volume of investments, we considered community development opportunities in the AA, as well as the capacity for the local infrastructure to create qualified investments. We determined opportunities for qualified investments are very limited as most community development activities are either federally or state funded. Locally, the most prominent community development organizations consist of the local Chamber of Commerce and the Somerset Pulaski County Development Foundation. Housing needs are primarily met through services provided by Kentucky Housing Corporation, a federally funded program, that serves the entire state of Kentucky. They provide home loans to low- and moderate-income persons at below market interest rates and require little or no down payment. They also provide homeownership counseling. On a local level, the local chapter of the Habitat for Humanity is an initiative that works for affordable housing. Based upon this information, we placed significant weight on the fact that opportunities to make qualified investments other than donations are limited.

Refer to Table 14 in Appendix C for facts and data used to evaluate the bank's level of qualified investments.

Performance under the investment test is rated low satisfactory.

- The volume of CNB's investments is satisfactory due to the limited opportunities available to them and the level of effort the bank makes to find available opportunities. CNB's investments were primarily donations to the local organizations and programs that both promote and enhance the economics of Pulaski County or provide service and help to LMI individuals, families, or children in need of assistance. During the review period, the bank made 48 donations for a total of \$78 thousand.

Services

In evaluating CNB's services, we considered the bank's size in relation to the size of the AA as well as the absence of any low-income geographies and only one moderate-income geography in the AA.

Refer to Table 15 in Appendix C for facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

Performance under the service test is rated low satisfactory.

- CNB's delivery systems are accessible to essentially all geographies and individuals of different income levels in the AA. Full financial services and drive-thru services are offered at seven of the nine branches. In addition, the bank has twenty-five ATM's located throughout the AA. Eight of the ATM's are full-service and seventeen of the ATM's are cash dispensing only.
- The bank has not closed any branches during our period of review; however, they did open three branches: the Waitsboro Branch (December 1998), the Nancy Branch (December 1999), and the Science Hill Branch (April 2001).

- CNB's hours of operation are considered good. While individual branches may differ in the exact hours of operation, six of the eight offices offer lobby hours from 9:00 A.M. until 4:00 P.M. Monday through Thursday with two of the offices offering extended lobby hours until 5:00 P.M. Drive-through banking is available at seven of the eight offices until 5:00 P.M. All eight offices offer extended lobby hours and drive-thru hours on Friday until 6:00 P.M.
- CNB has various checking and deposit products, including Internet banking service and a toll free, 24-hour telephone service that provides customers with account access, allowing the ability to transfer funds, check loan balances and payoff amounts, make loan payments, and inquire about CDs. In addition, the bank also offers free cashing of government checks for bank customers and only charges a minimal fee for non-bank customers. Since the bank could not provide specific information on how low- and moderate-income individuals are impacted by Internet banking service or phone access, significant weight was not placed on alternate delivery systems when drawing conclusions in the AA.
- Overall, CNB's community development services are considered adequate given the moderate opportunities for CD services in the AA. While a few employees of CNB have served in community organizations that provide general services to low- and moderate-income persons as well as help attract businesses and affordable housing to the area, there are additional opportunities for the bank to conduct home ownership seminars and counseling sessions, or to provide financial and/or technical skills to local organizations that provide services to low- or moderate-income individuals.

Some of the organizations CNB currently participates with includes, but is not limited to:

1. Somerset Pulaski Chamber of Commerce: The primary purpose of this organization is promoting, establishing, and maintaining businesses in Pulaski County, most of which are small businesses. A senior bank officer served as President of this organization in 2003. In addition, as a Board member, he provided financial expertise regarding a bank's perspective on new businesses and the financial needs of those businesses.
2. Somerset Pulaski County Development Foundation: The main purpose of this foundation is to recruit business and industry to Pulaski County, which would employ mostly low- and moderate-income individuals. A senior bank officer is currently serving as a board member of this organization (2004). He also provides financial expertise to the organization as questions arise regarding potential financing needs of those businesses being recruited to Pulaski County.

3. Habitat for Humanity: This is a nonprofit, housing committee dedicated to eliminating homelessness and improving the conditions of low- and moderate-income housing for families in need by using volunteer labor and donations of money and materials. A senior bank officer was on the Board of Directors for the local chapter of the Habitat for Humanity from 1999 to 2001. As part of his responsibilities, he provided ongoing financial advise in regards to the bank perspective on housing.
4. C-Train Grant Committee: This committee oversees the Technology Training Grant program funded by the U.S. Small Business Administration - Center for Rural Development. Businesses throughout Southeastern Kentucky, a 42-county area, may apply for a C-Train Grant to aid in finances. Through this committee, the Center for Rural Development helps improve local economics and, consequently, unemployment issues. A senior bank officer serves on that committee and provides ongoing financial expertise based upon his experience as a banker.
5. I66 Advisory Council: This was an advisory council established by Congressman Harold Rogers to aid in the study for a new interstate. The first part of this Interstate would run from London, KY, to Somerset, KY, and would potentially improve the local economics by bringing in new businesses and jobs for the community. A senior bank officer served on the advisory council and provided ongoing financial expertise based upon his experience as a banker.
6. Center for Rural Development: This is an organization dedicated to filling the gaps in existing community economic programs and aims to work in a cooperative spirit with other state and federal organizations to maximize the economic benefits of the region. This Center includes and serves businesses throughout Southeastern Kentucky, a 42-county area. While this organization encompasses a variety of activities such as training, cultural events, and conference services, the organizational structure of the Center includes several affiliates that broaden the Center's base and increases its services. Two of the Center's main affiliates are SEKTDA (Southern & Eastern Kentucky Tourism Development Association) and SKEDC (Southern Kentucky Economic Development Corporation. SEKTDA's mission is to improve tourism and attract new developments, which in turn improves the local economics and increases jobs that benefit LMI individuals. SKEDC was created in 1986 with a mission to create and improve employment opportunities in Southern Kentucky. It does this by actively recruiting businesses, making direct loans, and providing economic development services to the local communities it serves. The Center along with the work of these affiliates provides economic support for the area by recruiting new business and providing financial funding and expertise. This bank's President and CEO was involved with the creation of this Center and continues to serve on the Board of Directors for the Center for Rural Development.

7. Other organizations that bank officers either serve as Board members or provide financial expertise to include the American Red Cross (local chapter), Big Brothers Big Sisters (local chapter), United Way Heart of Kentucky (local chapter) and the Downtown Somerset Development Committee.

Two other bank activities worthy of mentioning include the establishment of an Economic Advisors Group and a Branch Advisory Board.

- Economic Advisors Group: This committee was originally formed in 1990 to monitor economic trends of the local area and collect economic information to be sent to the Federal Reserve Bank. Currently, the committee meets quarterly and is used as a tool to determine economic trends in the area, gain insight from local business leaders, and to allow the bank to better serve their customer needs. The committee is made up of 16-20 members representing the local businesses and industries including non-profit organizations. The origination of this local committee was lead by CNB.
- Branch Advisory Board: Each branch location of CNB has a 6-member Advisory Board that meets quarterly. Each member of the Board is a CNB customer and represent different businesses and organizations in the community. The goal of the meetings is to discuss the local economy, unemployment, current community problems, new products, and ways to improve CNB services to Pulaski County.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.

Appendix A

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Appendix B: Market Profiles for Full-Scope Areas

Table of Contents

Market Profiles for Areas Receiving Full-Scope Reviews

Pulaski County – Non-metropolitan Area	B-2
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Pulaski County – Kentucky – Non-metropolitan Area

Demographic Information for Full-Scope Area: Pulaski County - Kentucky						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	11	0.00	9.09	81.82	9.09	0.00
Population by Geography	56,217	0.00	2.75	79.44	17.81	0.00
Owner-Occupied Housing by Geography	17,258	0.00	3.04	80.13	16.83	0.00
Businesses by Geography	3,295	0.00	0.82	77.91	21.27	0.00
Farms by Geography	182	0.00	1.65	90.66	7.69	0.00
Family Distribution by Income Level	16,381	20.85	17.90	21.36	39.89	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	6,348	0.00	0.00	33.47	66.53	0.00
Median Family Income HUD Adjusted Median Family Income for the AA (described above) Households Below the Poverty Level	\$34,625 \$38,600 20.00%	Median Housing Value Unemployment Rate (July 2004)		\$63,665 3.70%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 U.S. Census, and 2003 HUD updated MFI

Appendix C: Tables of Performance Data

Table of Contents

Table 1	Lending Volume	C-2
Table 2-a	Geographic Distribution of Home Mortgages (2000-2002)	C-3
Table 2-b	Geographic Distribution of Home Mortgages (2003)	C-3
Table 3 This table intentionally omitted	
Table 4 This table intentionally omitted	
Table 5 This table intentionally omitted	
Table 6-a	Geographic Distribution of Small Loans to Businesses (2000-2002).....	C-4
Table 6-b	Geographic Distribution of Small Loans to Businesses (2003)	C-4
Table 7-a	Geographic Distribution of Small Loans to Farms (2000-2002).....	C-5
Table 7-b	Geographic Distribution of Small Loans to Farms (2003)	C-5
Table 8	Borrower Distribution of Home Mortgage Loans	C-6
Table 9 This table intentionally omitted	
Table 10 This table intentionally omitted	
Table 11-a	Borrower Distribution of Small Loans to Businesses (2000-2002)	C-7
Table 11-b	Borrower Distribution of Small Loans to Businesses (2003).....	C-7
Table 12-a	Borrower Distribution of Small Loans to Farms (2000-2002)	C-8
Table 12-b	Borrower Distribution of Small Loans to Farms (2003)	C-8
Table 13 This table intentionally omitted	
Table 14	Qualified Investments	C-9
Table 15-a	Distribution of Branch Delivery System and Branch Openings/Closings	C-10
Table 15-b	Distribution of Branch and ATM Delivery System	C-10

Table 1. Lending Volume

Lending Volume	Geography: PULASKI COUNTY				Evaluation Period: OCTOBER 9, 1997 TO SEPTEMBER 15, 2004				% of Rated Area Deposits in MA/AA ^{...}			
	% of Rated Area Loans (#) in MA/AA [*]	Home Mortgage	Small Loans to Businesses	Small Loans to Farms	Community Development Loans ^{**}	Total Reported Loans						
MA/Assessment Area (2003):	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)				
Full Review:												
CNB Somerset	100.00	133	8,619	797	93,131	386	12,736	13	7,176	1,343	121,662	100.00

^{*} Loan Data as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.
^{**} The evaluation period for Community Development Loans is from October 9, 1997 to September 15, 2004.
^{...} Deposit Data as of October 04, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table 2-a. Geographic Distribution of Home Mortgages (2000-2002)

Geographic Distribution: HOME MORTGAGES		Geography: PULASKI COUNTY										Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	Overall	Low	Mod	Mid	Upp
CNB Somerset	82	100.00	0.00	0.00	15.09	17.08	71.57	64.53	13.34	18.39	NA	NA	NA	NA	NA	NA
Full Review:																

Table 2-b. Geographic Distribution of Home Mortgages (2003)

Geographic Distribution: HOME MORTGAGES		Geography: PULASKI COUNTY										Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	% BANK Loans	% of Owner Occupied Units***	Overall	Low	Mod	Mid	Upp
CNB Somerset	51	100.00	0.00	0.00	3.04	1.96	80.13	72.55	16.83	25.49	NA	NA	NA	NA	NA	NA
Full Review:																

* Based on 2003 Peer Mortgage Data: NA, bank is not a HMDA Reporter.

** Home mortgage loans originated and purchased in the MA/AA as a percentage of all home mortgage loans originated and purchased in the rated area.

*** Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based upon the 1990 census information for the 2000-2002 loans and the 2000 census information for the 2003 loans.

Institution ID: Citizens National Bank

Table 6-a. Geographic Distribution of Small Loans to Businesses (2000-2002)

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: PULASKI COUNTY				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Small Business Loans	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses ...	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
CMB Somerset	575	100.00	0.00	0.00	8.89	7.48	69.87	74.78	21.24	17.74	13.45	0.00	9.03	16.86	10.56

Table 6-b. Geographic Distribution of Small Loans to Businesses (2003)

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: PULASKI COUNTY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MA/Assessment Area:	Total Small Business Loans	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*					
	#	% of Total**	% of Businesses ...	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	% of Businesses ***	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full Review:															
CMB Somerset	222	100.00	0.00	0.00	0.82	2.25	77.91	78.38	21.27	19.37	13.45	0.00	9.03	16.86	10.56

* Based on 2003 Peer Small Business Date: US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Source Data – For the 2000-2002 loans: Dun and Bradstreet (2002) and For the 2003 loans: Dun and Bradstreet (2003).

Institution ID: Citizens National Bank

Table 7. Geographic Distribution of Small Loans to Farms (2000-2002)

Geographic Distribution: SMALL LOANS TO FARMS		Geography: PULASKI COUNTY				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002								
MA/Assessment Area:	Total Small Farm Loans	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	Overall	Low	Mod	Mid	Upp
CNB Somerset	300	100.00	0.00	0.00	12.99	17.00	78.53	76.00	8.48	7.00	0.00	58.82	56.98	27.78
Full Review:														

Table 7. Geographic Distribution of Small Loans to Farms (2003)

Geographic Distribution: SMALL LOANS TO FARMS		Geography: PULASKI COUNTY				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Small Farm Loans	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	Overall	Low	Mod	Mid	Upp
CNB Somerset	86	100.00	0.00	0.00	1.65	2.33	90.66	86.05	7.69	11.62	0.00	58.82	56.98	27.78
Full Review:														

* Based on 2003 Peer Small Business Data: US.

** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

*** Source Data – For the 2000-2002 loans: Dun and Bradstreet (2002) and For the 2003 loans: Dun and Bradstreet (2003)

Table 8. Borrower Distribution of Home Mortgage Loans

Borrower Distribution: HOME MORTGAGES		Geography: PULASKI COUNTY				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003								
MA/Assessment Area:	Total Home Mortgage Loans	Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share*				
	#	% Families**	% BANK Loans***	% Families****	% BANK Loans****	% Families****	% BANK Loans****	% Families****	% BANK Loans****	Overall	Low	Mod	Mid	Upp
CNB Somerset	133	100.00	20.85	12.03	17.90	23.31	21.36	29.32	39.89	35.34	NA	NA	NA	NA

Full Review:

* Based on Peer Mortgage Data: NA, bank is not a HMDA Reporter.
 ** As a percentage of loans with borrower income information available.
 *** Percentage of Families is based on the 2000 Census information.
 **** Home mortgage loans originated and purchased in the MA/AA as a percentage of all home mortgage loans originated and purchased in the rated area. (mortgages include home purchase, refinance, and home improvement loans).

Table 11-a. Borrower Distribution of Small Loans to Businesses (2000-2002)

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: PULASKI COUNTY		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002					
Total Small Loans to 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	All	Rev \$ 1 Million or Less	
MA/Assessment Area:									
Full Review:									
CNB Somerset	575	100.00	71.30	100.00	81.56	11.83	6.61	13.45	31.96

Table 11-b. Borrower Distribution of Small Loans to Businesses (2003)

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: PULASKI COUNTY		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					
Total Small Loans to 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	All	Rev \$ 1 Million or Less	
MA/Assessment Area:									
Full Review:									
CNB Somerset	222	100.00	64.98	100.00	75.23	13.96	10.81	13.45	31.96

* Based on 2002 and 2003 Peer Small Business Data - US.

** Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

*** Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

**** Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

Table 12-a. Borrower Distribution of Small Loans to Farms (2000-2002)

Borrower Distribution: SMALL LOANS TO FARMS		Geography: PULASKI COUNTY		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002				
MA/Assessment Area:		Loans by Original Amount Regardless of Farm Size		Market Share				
Total Small Loans to Farms	Farms With Revenues of \$1 million or less	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less		
#	% of Farms***	% BANK Loans****						
300	100.00	97.74	100.00	92.34	6.33	1.33	54.91	56.42
Full Review:								

Table 12-b. Borrower Distribution of Small Loans to Farms (2003)

Borrower Distribution: SMALL LOANS TO FARMS		Geography: PULASKI COUNTY		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003				
MA/Assessment Area:		Loans by Original Amount Regardless of Farm Size		Market Share				
Total Small Loans to Farms	Farms With Revenues of \$1 million or less	\$100,000 or less	> \$100,000 to \$250,000	> \$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less		
#	% of Farms***	% BANK Loans****						
86	100.00	95.60	100.00	95.35	2.33	2.32	54.91	56.42
Full Review:								

* Based on 2002 and 2003 Peer Small Business Data: US and PR.
 ** Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
 *** Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B – 2003).
 **** Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

Table 14. Qualified Investments

Qualified Investments		Geography: PULASKI COUNTY		Evaluation Period: OCTOBER 9, 1997 TO SEPTEMBER 15, 2004					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments		Unfunded Commitments**		
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
CNB Somerset	0	0	48	78	78	48	100.00	0	0

Full Review:

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.
 ** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Institution ID: Citizens National Bank

Table 15-a. Distribution of Branch Delivery System and Branch Openings/Closings

Distribution of Branch Delivery System and Branch Openings/Closings		Geography: PULASKI COUNTY		Evaluation Period: OCTOBER 9, 1997 TO SEPTEMBER 15, 2004													
MA/Assessment Area:	Deposits % of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Branches			# of Branch Openings	# of Branch Closings	Branch Openings/Closings			Population					
				Location of Branches by Income of Geographies (%)					Net change in Location of Branches (+ or -)			% of Population within Each Geography					
				Low	Mod	Upp			Low	Mod	Upp	Low	Mod	Upp	Low	Mod	Upp
CNB Somerset	100.00	9	100.00	0.00	0.00	22.22	77.78	3	0	0	0	2	1	0.00	2.75	79.44	17.81
Full Review:																	

Table 15-b: Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System		Geography: PULASKI COUNTY		Evaluation Period: OCTOBER 9, 1997 TO SEPTEMBER 15, 2004													
MA/Assessment Area:	Deposits % of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Branches			# of Bank ATMs	% of Total Bank ATMs	ATMs			Population					
				Location of Branches by Income of Geographies (%)					Location of ATMs by Income of Geographies			% of Population within Each Geography					
				Low	Mod	Upp			Low	Mod	Upp	Low	Mod	Upp	Low	Mod	Upp
CNB Somerset	100.00	9	100.00	0	0	22.22	77.78	25	100.00	0	0	19	6	0.00	2.75	79.44	17.81
Full Review:																	