



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 15, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Jessamine County
Charter # 22998**

**201 North Main Street
Nicholasville, Kentucky 40356**

Office of the Comptroller of the Currency

**One Financial Place
400 South LaSalle Street, Suite 2700
Chicago, Illinois 60605**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Citizens National Bank of Jessamine County** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of July 15, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

- The quarterly average loan-to-deposit ratio since the bank opened is reasonable.
- A majority of the bank's loans are made within the assessment area.
- Management's record of lending to borrowers of different income levels is good.
- Loans are distributed throughout the assessment area.

DESCRIPTION OF INSTITUTION

Citizens National Bank of Jessamine County (CNB) had total assets of approximately \$33 million as of March 31, 1997. CNB was newly chartered in 1996 and is independently owned. The bank's main office and drive-up facility is located in downtown Nicholasville, Kentucky. The bank offers a full service ATM at the main office and three cash disbursement machines located throughout the county.

CNB offers traditional banking services and lending products. As of March 31, 1997, net loans represented approximately 71% of total assets. The composition of the loan portfolio was as follows: 26% one-to-four family residential loans; 25% construction and development loans, 19% commercial loans, 13% consumer loans, 10% non-farm non-residential loans; and 3% farm loans. There are no legal or financial constraints, or other factors, impeding the bank's ability to help meet the credit needs in its assessment area. This is the bank's first CRA evaluation.

DESCRIPTION OF JESSAMINE COUNTY

The bank's assessment area is Jessamine County. This designation does not arbitrarily exclude low- or moderate-income geographies. The assessment area contains eight census tracts located within the MSA for Lexington-Fayette, Kentucky. Three are designated moderate-income, four are middle-income, and one is designated upper-income. The median family income for Jessamine County is \$29,717. The 1997 median family income for the Lexington-Fayette MSA is \$42,500.

Jessamine County is a rural county in central Kentucky with a population of approximately 30,000. Nicholasville is the county seat and is a bedroom community to Lexington, the state's second largest city. The county's unemployment rate compares favorably to the national average and is the second lowest in the state. The local economy is diversified and growing. The local industries include small manufacturing, wholesale and retail trade, and service industries. The bank has identified small business and housing related loans as the two major credit needs of the community.

Competition from other financial institutions in the county and Lexington is strong.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan-to-Deposit Analysis

CNB's average loan-to-deposit ratio since opening in July 1996 is 77%. This is slightly higher than the ratios of the surrounding county banks which is 72%. There is one similarly situated bank in Jessamine County which has an average loan to deposit ratio of 70%. CNB's ratio compares favorably to its national peer group which has an average of 69%.

Lending in the Assessment Area

A majority of the bank's loans are made within its assessment area. Management prepares a geographical analysis of all of the bank's approved loans. We verified the accuracy of this report during our examination. As shown in Table 1, the high number and volume of loans granted supports that the bank has a good record of lending within Jessamine County.

Table 1

	All Loan Products
Total Number in Sample	1067
Total Volume in Sample	\$34,433,419
Total Number in Assessment Area	873
Total Volume in Assessment Area	\$25,517,000
Percent of Number in Assessment Area	82%
Percent of Volume in Assessment Area	74%

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

The distribution of lending reflects good penetration among individuals of different income levels, including low- and moderate-income borrowers. We based our conclusion on a sample of loans secured by 1-to-4 family residential properties and auto loans granted within the assessment area since the bank opened.

The results of our sampling are shown in Table 2.

Table 2

Income Level	Income Levels of Families within Assessment Area*	Number of Residential Mortgage Loans	Percent of Residential Mortgage Loans	Number of Auto Loans	Percent of Auto Loans
Low	22%	2	7%	7	41%
Moderate	20%	4	13%	4	23.5%
Middle	25%	8	27%	4	23.5%
Upper	34%	16	53%	2	12%
Total	100%	30	100%	17	100%

* According to 1990 U.S. Census data

We also reviewed and verified internal reports showing that of the 129 commercial and farm loans originated in the assessment area since opening, 95% were to small businesses or small farms.

Geographic Distribution of Loans

The geographic distribution of lending reflects good penetration throughout the census tracts in Jessamine County. Our results are once again based on a review of the bank's geographical analysis. Table 3 illustrates the distribution of all loans, by number and volume, originated since opening.

Table 3

Income Levels	Census Tract	Total Number of Loans	Percent of Number of Loans	Total Volume of Loans	Percent of Volume of Loans
Middle	601.01	158	18%	\$5,462,989	21%
Middle	601.02	133	15%	\$2,600,651	10%
Middle	602	97	11%	\$3,802,824	15%
Moderate	603	49	6%	\$619,436	2%
Moderate	604	136	16%	\$4,013,435	16%
Moderate	605.01	152	17%	\$2,706,938	11%
Middle	605.02	81	9%	\$4,042,833	16%
Upper	606	67	8%	\$2,267,894	9%
Totals		873	100%	\$25,517,000	100%

Responses to Complaints

No consumer complaints regarding CRA have been received since the bank opened.

Compliance With Anti-Discrimination Laws

We did not identify any violations of the substantive provisions of the antidiscrimination laws and regulations.