

# **PUBLIC DISCLOSURE**

January 22, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Citizens First Bank, Inc.  
Certificate Number: 35022

1805 Campbell Lane  
Bowling Green, Kentucky 42104

Federal Deposit Insurance Corporation  
Division of Depositor and Consumer Protection  
Chicago Regional Office  
300 South Riverside Plaza, Suite 1700  
Chicago, Illinois 60606

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.

## INSTITUTION RATING

**INSTITUTION'S CRA RATING:** This institution is rated **Satisfactory**. An institution in this group has a satisfactory record of helping to meet the credit needs of its assessment area, including low- and moderate- income (LMI) neighborhoods, in a manner consistent with its resources and capabilities.

Citizens First Bank's (CFB) satisfactory Community Reinvestment Act (CRA) performance under the Lending Test and Community Development Test supports the overall rating. Examiners did not identify any evidence of discriminatory or other illegal credit practices. The following points summarize the bank's Lending Test and Community Development Test performance:

**The Lending Test is rated Satisfactory.**

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- The bank made a majority of its home mortgage and small business loans in the assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects reasonable penetration of loans among individuals of different income levels and businesses of different sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

**The Community Development Test is rated Satisfactory.**

- The institution demonstrated adequate responsiveness to the needs of its assessment area through community development loans, qualified investments, and services. Examiners considered the institution's capacity and the need and availability of such opportunities for community development in the assessment area.

## SCOPE OF EVALUATION

***General Information***

This evaluation covers the period from the prior evaluation dated April 8, 2015, to the current evaluation dated January 22, 2018. Examiners used the Interagency Intermediate Small Institution CRA Examination Procedures to evaluate CFB's performance. These procedures include two tests: the CRA Small Bank Lending Test and the Community Development Test. The Lending Test considers the institution's performance according to the criteria detailed above. The Community Development Test considers the number and dollar amount of community development loans, qualified investments, and services. The Community Development Test also considers the responsiveness of such activities to the needs of the assessment area. Banks must achieve at least a Satisfactory rating under each test to obtain an overall "Satisfactory" rating. This evaluation does not include any lending activity performed by affiliates.

## **COMMUNITY DEVELOPMENT TEST**

CFB demonstrated adequate responsiveness to the community development (CD) needs of the Kentucky Non-MSA assessment area through loans, qualified investments, and services. Examiners considered the institution's capacity and the needs and availability of such opportunities.

### **Community Development Loans**

CFB's level of qualified CD lending activity demonstrates excellent responsiveness to the needs of the Non-MSA assessment area. The following table shows the bank's CD lending since the previous evaluation consists of 31 loans totaling \$10 million, which represents 3 percent of total loans. However, no loans were extended for Affordable Housing purposes. This volume is considered excellent relative to the opportunities for lending in this community and responsive to the credit needs of the assessment area.

<b>Community Development Lending in the Kentucky Non-MSA Assessment Area</b>								
<b>Activity Year</b>	<b>Community Services</b>		<b>Economic Development</b>		<b>Revitalize or Stabilize</b>		<b>Totals</b>	
	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>	<b>#</b>	<b>\$(000s)</b>
2015	1	500	7	2,308	3	615	11	3,423
2016	2	530	5	3,779	7	1,623	14	5,932
2017	0	--	2	213	4	437	6	650
<b>Totals</b>	<b>3</b>	<b>1,030</b>	<b>14</b>	<b>6,300</b>	<b>14</b>	<b>2,675</b>	<b>31</b>	<b>10,005</b>

*Source: Bank Records.*

Below are notable examples of the bank's CD loans.

- Funded a \$1.5 million loan in December 2016 to a local industrial development authority to construct a production facility and purchase equipment. Upon completion, the plant will bring 330 new jobs to the area with average starting pay of approximately \$15 per hour.
- Funded a \$2 million loan in December 2016 to a local industrial development authority to purchase commercial real estate to construct a manufacturing facility. This construction would create 220 new jobs for this area providing low to moderate income positions beginning at over \$12 per hour.
- In 2015, the bank made a \$500,000 loan to the Senior Housing Crime Prevention Foundation for the purpose of purchasing shares in a CRA-qualified investment. Additionally, one percent of the interest income from the investment is retained by the Foundation to fund programs at two local nursing homes in the assessment area. Because the proceeds of the loan were used to fund a qualified CD investment, both the loan to, and the amount of interest retained by the Foundation are considered CD activities.

### **Qualified Investments**

CFB made 13 qualified investments and donations totaling \$1.9 million; all for the benefit of community services. CFB's level of qualified investments demonstrates an adequate responsiveness to the CD needs of the Non-MSA assessment area; however, no investments were noted for Affordable Housing, Economic Development or Revitalization or Stabilization purposes. Six of the investments were made in the period prior to 2015, with the balance being made in 2016 and 2017. In addition, CFB made 4 qualified donations totaling \$8,000 since the