

2005 Annual Report



*The Bank
for Your Life*

CNC INSURANCE AGENCY

CNC MORTGAGE

620 Broadway • Paintsville, Kentucky 41240
www.cnbonline.com

***Resolution of the Board of Directors
of Citizens National Bank of Paintsville
Paintsville, Kentucky***

WHEREAS, Charles C. Wells, was a resident of Paintsville, Kentucky, Chairman of the Board and Director of Citizens National Bank and Citizens National Corporation of Paintsville, past owner and operator of Hardware Charlie Gas Company of Paintsville, Kentucky, and an active Civil War historian and author,

WHEREAS, Mr. Wells was the husband of Carlos Horn Wells of Paintsville, Kentucky and the father of Charles B. Wells of Georgetown, Kentucky,

WHEREAS, Mr. Wells departed this life June 28, 2005,

RESOLVED by the Board of Directors of Citizens National Bank of Paintsville, Kentucky, that the family having lost a devoted husband and father and the community in which he resided an honored citizen, we deeply sympathize with and share the grief and bereavement of the family in the great loss sustained by the death of Mr. Charles C. Wells,

RESOLVED FURTHER, that this Resolution be spread at large upon the appropriate records of this bank, and a copy be tendered to his family as a humble expression of the Board's heartfelt sympathy in its bereavement, and that a copy be published in the local papers.

Unanimously adopted by the Board of Directors of Citizens National Bank of Paintsville, Kentucky, on July 19, 2005.



Directors Emeriti

Escom Chandler

elected to the Board of Directors December 1959
where he served for 31 years before retiring in April of 1990.

O T Dorton

was President of CNB where he served for over 40 years before retiring April 15, 1986.
He continued to serve on the BOD until 1994.

W G Bailey

was SVP of CNB where he served for over 42 years.
He was elected to the Board April 1972 and retired April 1996.

Citizens National Bank Market Advisory Board

Dennis T. Dorton
Chairman

Estill Branham
Paul P. Hughes
Tom Hutchison
Edward R. (Ted) Nairn
Paul E. Preston

Subsidiaries

CNC Mortgage

Greg Lee
Nancy Osborne
Jodi Brown

Mortgage Loan Specialist
Mortgage Loan Underwriter
Mortgage Loan Originator

CNC Insurance

Wilbur Blair

Insurance Agent

Table of Contents

<i>Letter to the Shareholders</i>	3
<i>Financial Highlights</i>	4
<i>Report of Independent Auditors</i>	5
<i>Consolidated Balance Sheets</i>	6
<i>Consolidated Statements of Income</i>	7
<i>Consolidated Statements of Changes in Shareholders' Equity</i>	8
<i>Consolidated Statements of Cash Flows</i>	9
<i>Notes to Consolidated Statements</i>	10-21
<i>Officers</i>	21
<i>Shareholder Information</i>	22
<i>Senior Management Team & Executive Committee</i>	23
<i>Board of Directors</i>	24

*The Bank
for Your Life*



Dennis T. Dorton
President/Chief Executive Officer

Our Vision...

“Citizens National Bank will be the preferred high performing, independent community bank in East Kentucky. We partner with growing businesses and consumers to build lasting relationships.

*We do this by providing financial products and services valued by our customers delivered by **committed employees who really mean it!**”*

Letter to Our Shareholders

We're Committed to Shareholders, Customers, Employees, and Our Communities

Record Earnings

Citizens National Corporation achieved record earnings and revenues. Net income after tax approached the four million dollar mark at \$3,905,000 compared to \$3,148,000 the prior year, a 24% increase. Earnings per common share in 05 were \$7.55 compared to \$6.03 in 04, a 25.2% increase. Net interest income rose 8.5% to \$11,912,000 compared to \$10,978,000 in the prior year. Book value of CNC shares rose 9.5% from \$54.93 in 04 to \$60.15 in 05. Dividends per share have steadily climbed from 98 cents in 2004 to \$1.04 cents per share by year end 05. Stock market price rose from \$57.00 as of December 04 to \$62.25 as of December 31, 2005. We view these positive numbers as a demonstration of our commitment to results. CNC and CNB are prepared to capitalize on future opportunities to grow our company and continue to meet your financial expectations.

Customers

Citizens National provides the financial products our customers need and expect from a full service financial institution. We serve more than 20,000 customers from our four-county principal market area. Our customers not only expect financial services, products, and access, but, most important, they expect top quality customer service. We continue to believe that a locally owned community bank can deliver that top quality service level. We strive to provide our customers an excellent service experience. Citizens National is committed to customers and customer service.

Employees

We have a strategic philosophy about the "right" employee. Employees are the point of delivery of everything we do and say as a bank and we recognize that with the "right" employees we will maximize the service experience for our customers and provide the results for our shareholders. We believe Citizens has the "right" employees for our future. We provide a top quality work environment, educational and training avenues, and appropriate compensation systems. We have high expectations of our employees and they in turn have high expectations for CNC and CNB. This commitment to employees leads to excellent financial results and a quality customer experience.

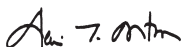
Communities

Being a community bank focused on the needs and dreams of the communities we serve, we have excelled. Paintsville, Prestonsburg, Pikeville, McDowell, Salyersville, Garrett and all in between in our four-county, primary market area are beneficiaries of our donations and public relations dollars. More importantly than dollars, our employees support and volunteer in virtually every non profit, athletic, and educational endeavor. We know where our roots are and we know and work and live in the communities we serve. Citizens National is committed to our communities.

A commitment for excellence

This past year was truly another great year for CNB and CNC. A year shareholders, customers, and CNB employees have grown to expect. Our financial results were strong and consistent. Our customers continue to express acceptance of our products and services and appreciation for the quality customer service experience they receive. And, our employees also strive to demonstrate a commitment for excellence. That commitment for excellence gains us recognition as a banking leader in all the communities we serve.

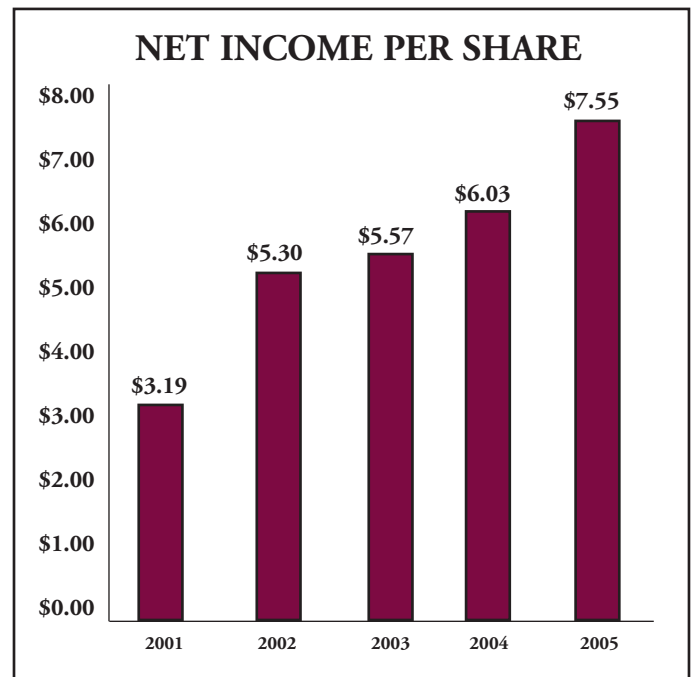
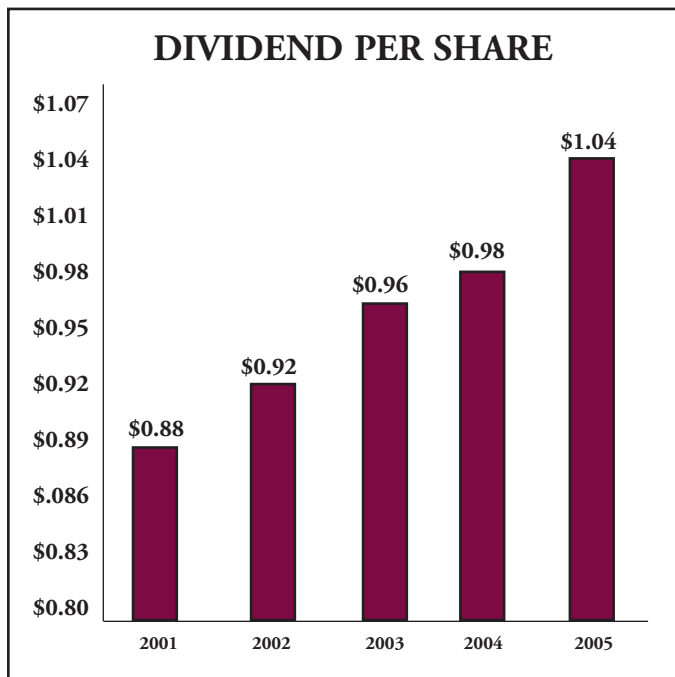
I am proud and privileged to lead the CNC - CNB team as we build value for your company. On behalf of this excellent and committed team I thank you for your continued support.



Dennis T. Dorton
President/Chief Executive Officer

Financial Highlights

Year Ended December 31,	2005	2004	% Change
Net Income	\$ 3,905,000	\$ 3,148,000	24.0%
Net Interest Income	\$ 11,912,000	\$ 10,978,000	8.5%
Common Dividends Paid	\$ 538,000	\$ 511,000	5.3%
Per Share			
Basic Earnings Per Common Share	\$ 7.55	\$ 6.03	25.2%
Dividend Per Common Share	\$ 1.04	\$ 0.98	6.1%
Book Value Per Common Share	\$ 60.15	\$ 54.93	9.5%
At Year End			
Total Assets	\$ 355,681,000	\$ 337,945,000	5.2%
Total Deposits	\$ 301,359,000	\$ 292,172,000	3.1%
Net Loans	\$ 206,607,000	\$ 186,297,000	10.9%
Stockholders' Equity	\$ 30,765,000	\$ 28,618,000	7.5%
Performance Ratios			
Return on Average Assets	1.13%	0.95%	
Return on Average Equity	13.15%	11.54%	
Capital Ratios			
Tier 1 Leverage Ratio	8.10%	7.60%	
Tier 1 Risk-based	12.70%	12.80%	
Total Risk-based	13.60%	13.70%	
Loan Loss Reserve to Loans	0.96%	0.89%	



Report of Independent Auditors

Board of Directors and Shareholders
Citizens National Corporation
Paintsville, Kentucky

We have audited the accompanying consolidated balance sheets of Citizens National Corporation as of December 31, 2005 and 2004, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Citizens National Corporation as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Crowe Chizek and Company LLC

Crowe Chizek and Company LLC

Louisville, Kentucky
January 13, 2006

Consolidated Balance Sheets

December 31

(Dollar amounts in thousands, except share and par amounts)

	<u>2005</u>	<u>2004</u>
ASSETS		
Cash and due from financial institutions	\$ 11,557	\$ 12,899
Federal funds sold	—	3,558
Cash and cash equivalents	11,557	16,457
Interest bearing deposits in other financial institutions	300	—
Securities available for sale	115,297	113,833
Loans held for sale	323	386
Loans, net of allowance and unearned discount	206,607	186,297
Restricted stock	1,688	1,633
Premises and equipment, net	6,796	6,736
Goodwill	3,012	3,012
Core deposit intangible	283	457
Cash surrender value of bank owned life insurance	5,983	6,037
Accrued interest receivable and other assets	3,835	3,097
	<u>\$ 355,681</u>	<u>\$ 337,945</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Non-interest bearing	\$ 62,713	\$ 58,418
Interest bearing	238,646	233,754
Total deposits	301,359	292,172
Repurchase agreements	9,525	14,703
Federal Home Loan Bank advances (FHLB)	6,230	—
Federal funds purchased	4,723	—
Accrued interest payable and other liabilities	3,079	2,452
Total liabilities	324,916	309,327
Commitments and contingencies		
Shareholders' equity		
Common stock, \$5 par value; 2,000,000 shares authorized; 511,441 and 520,948 shares outstanding in 2005 and 2004	2,557	2,605
Additional paid-in capital	442	955
Retained earnings	28,559	25,192
Accumulated other comprehensive loss	(793)	(134)
Total shareholders' equity	30,765	28,618
	<u>\$ 355,681</u>	<u>\$ 337,945</u>

See accompanying notes.

Consolidated Statements of Income

Years ended December 31

(Dollar amounts in thousands, except per share amounts)

	<u>2005</u>	<u>2004</u>
Interest income		
Loans, including fees	\$ 13,430	\$ 11,223
Taxable securities	3,308	3,245
Tax exempt securities	576	558
Federal funds sold and other	181	138
	<u>17,495</u>	<u>15,164</u>
Interest expense		
Deposits	5,066	3,711
Federal Home Loan Bank advance	76	13
Repurchase agreements and federal funds purchased	441	460
Other	—	2
	<u>5,583</u>	<u>4,186</u>
Net interest income	11,912	10,978
Provision for loan losses	<u>310</u>	<u>180</u>
Net interest income after provision for loan losses	11,602	10,798
Non - interest income		
Service charge on deposit accounts	2,836	2,625
Net gain on sale of assets	44	65
Gain on sale of mortgage loans	475	368
Other	1,012	881
	<u>4,367</u>	<u>3,939</u>
Non-interest expense		
Salaries and employee benefits	5,299	4,844
Occupancy and equipment	1,379	1,339
Data processing	1,100	1,051
Core deposit amortization	175	185
Advertising	241	225
Other	2,728	2,810
	<u>10,922</u>	<u>10,454</u>
Income before income taxes	5,047	4,283
Income tax expense	<u>1,142</u>	<u>1,135</u>
Net income	<u>\$ 3,905</u>	<u>\$ 3,148</u>
Basic earnings per share	<u>\$ 7.55</u>	<u>\$ 6.03</u>

See accompanying notes.

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2005 and 2004
(Dollar amounts in thousands)

	Common Stock	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2004	\$ 2,614	\$ 1,043	\$ 22,555	\$ 514	\$ 26,726
Comprehensive income:					
Net income	—	—	3,148	—	3,148
Change in net unrealized gain (loss) on securities available for sale, net of reclassification and tax effects	—	—	—	(648)	(648)
Total comprehensive income					2,500
Cash dividend declared	—	—	(511)	—	(511)
Redemption of 1,785 shares of common stock	(9)	(88)	—	—	(97)
Balance, December 31, 2004	2,605	955	25,192	(134)	28,618
Comprehensive income:					
Net income	—	—	3,905	—	3,905
Change in net unrealized gain (loss) on securities available for sale, net of reclassification and tax effects	—	—	—	(659)	(659)
Total comprehensive income					3,246
Cash dividends declared	—	—	(538)	—	(538)
Redemption of 9,507 shares of common stock	(48)	(513)	—	—	(561)
Balance, December 31, 2005	<u>\$ 2,557</u>	<u>\$ 442</u>	<u>\$ 28,559</u>	<u>\$ (793)</u>	<u>\$ 30,765</u>

See accompanying notes.

Consolidated Statements of Cash Flows

Years ended December 31
(Dollar amounts in thousands)

	2005	2004
Cash flows from operating activities		
Net income	\$ 3,905	\$ 3,148
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	647	655
Net amortization (accretion) of securities	(335)	325
Intangible amortization	174	185
Provision for loan losses	310	180
Net (gain) loss on sale of assets	(44)	(6)
Gain on sale of mortgage loans	(475)	(368)
Gain on life insurance benefit	(132)	-
Dividends on Federal Home Loan Bank stock	(55)	(43)
Increase in cash surrender value of life insurance	(211)	(206)
Net change in:		
Loans held for sale	538	307
Interest receivable and other assets	(727)	(10)
Interest payable and other liabilities	1,003	412
Net cash from operating activities	4,598	4,579
Cash flows from investing activities		
Change in interest bearing deposits	(300)	-
Activity in available for sale securities:		
Purchases	(45,575)	(59,177)
Sales	-	8,035
Maturities, calls and principal reductions	43,411	41,452
Loan originations and payments, net	(20,587)	(8,980)
Proceeds from life insurance benefit	397	-
Investment in bank owned life insurance	-	(1,200)
Property and equipment expenditures, net	(707)	(358)
Net cash from investing activities	(23,361)	(20,228)
Cash flows from financing activities		
Net change in deposits	9,187	14,403
Net change in securities sold under agreements to repurchase	(5,178)	(403)
Net change in Federal funds purchased	4,723	-
Redemption of common stock	(561)	(97)
Common stock dividends paid	(538)	(511)
Proceeds from Federal Home Loan Bank advances	6,230	-
Net cash from financing activities	13,863	13,392
Net change in cash and cash equivalents	(4,900)	(2,257)
Beginning cash and cash equivalents	16,457	18,714
Ending cash and cash equivalents	\$ 11,557	\$ 16,457
<hr/>		
Supplemental cash flow information		
Interest paid	\$ 5,474	\$ 4,234
Income taxes paid	1,349	1,185
Supplemental noncash disclosures		
Transfer from loans to other real estate	33	499

See accompanying notes.

Notes to Financial Statements

Years ended December 31, 2005 and 2004
(Dollar amounts in thousands, except per share amounts)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Principles of Consolidation: The consolidated financial statements include the accounts of Citizens National Corporation and its wholly owned subsidiaries, Citizens National Bank (Citizens), CNC Insurance Agency, and Citizens National Real Estate Corp together referred to as “the Corporation”. Citizens National Bank has three subsidiaries, Citco Financial Corporation, CNC Development Foundation and CNC Mortgage, LLC. Citizens is a nationally chartered commercial bank. Intercompany transactions and balances have been eliminated in consolidation.

The Corporation, through its bank subsidiary, provides financial services through its offices in Southeast Kentucky. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations of businesses. There are no significant concentrations of loans to any one industry or customer. However, the customers’ ability to repay their loans is dependent on the real estate and general economic conditions in the area. CNC Mortgage, LLC originates loans for sale, servicing released, into the secondary market.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. The allowance for loan losses and the fair values of financial instruments are particularly subject to change.

Cash Flows: Cash and cash equivalents include cash, deposits with other financial institutions under 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits another financial institutions, federal funds purchased and securities sold under agreements to repurchase transactions.

Securities: Securities are classified as available for sale when they might be sold before maturity. Securities available for sale are carried at fair value, with unrealized holding gains and losses reported in accumulated other comprehensive income, net of tax. Restricted securities include Federal Home Loan Bank and Federal Reserve Bank stock and are carried at cost.

Interest income includes amortization of purchase premium or discount. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Declines in the fair value of securities below their cost that are other than temporary are reflected as realized losses. In estimating other-than-temporary losses, management considers: (1) the length of time and extent that fair value has been less than cost, (2) the financial condition and near term prospects of the issuer, and (3) the Company’s ability and intent to hold the security for a period sufficient to allow for any anticipated recovery in fair value.

Loans Held for Sale: Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregated cost or market, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Loans: Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of unearned interest, deferred loan fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Interest income on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. Past due status is based on the contractual terms of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the loan. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses: The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

The allowance consists of specific and general components. The specific component relates to loans that are individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current factors.

A loan is impaired when full payment under the loan terms is not expected. Commercial and commercial real estate loans are individually evaluated for impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Large groups of smaller balance homogeneous loans, such as consumer and residential real estate loans are collectively evaluated for impairment, and accordingly, they are not separately identified for impairment disclosures.

Premises and Equipment: Land is carried at cost. Premises and equipment are reported at cost less accumulated depreciation. Depreciation is calculated on the straight-line and accelerated methods over asset useful lives.

Federal Home Loan Bank Stock (FHLB): The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment. Because this stock is viewed as long term investment, impairment is based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Bank Owned Life Insurance: The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at its cash surrender value, or the amount that can be realized.

Foreclosed Assets: Assets acquired through or instead of loan foreclosure are initially recorded at fair value when acquired, establishing a new cost basis. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Costs after acquisition are expensed.

Goodwill and Other Intangible Assets: Goodwill results from business acquisitions and represents the excess of the purchase price over the fair value of acquired tangible assets and liabilities and identifiable intangible assets. Goodwill is assessed at least annually for impairment and any such impairment will be recognized in the period identified.

Core deposit intangible assets arise from whole bank acquisitions. They are initially measured at fair value and then are amortized on an accelerated method over their estimated useful life.

Loan Commitments and Related Financial Instruments: Financial instruments include off-balance sheet credit instruments, such as commitments to make loans and commercial letters of credit, issued to meet customer financing needs. The face amount for these items represents the exposure to loss, before considering customer collateral or ability to repay. Such financial instruments are recorded when they are funded.

Repurchase Agreements: Substantially all repurchase agreement liabilities represent amounts advanced by various customers. Securities are pledged to cover these liabilities, which are not covered by federal deposit insurance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes: Income tax expense is the total of the current year income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted tax rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

Earnings Per Share: Basic earnings per common share are net income divided by the weighted average number of common shares outstanding during the period. The Corporation does not present diluted earnings per share because there are no potential dilutive common shares outstanding. Earnings per share are restated for all stock splits and dividends through the date of issue of the financial statements.

Fair Values of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect the estimates.

Comprehensive Income: Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available for sale which is also recognized as a separate component of equity.

Loss Contingencies: Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

Dividend Restriction: Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the holding company or by the holding company to shareholders. These restrictions pose no practical limit on the ability of the Bank or holding company to pay dividends at historical levels.

Reclassifications: Some items in the prior year consolidated financial statements were reclassified to conform with the current presentation.

NOTE 2 - SECURITIES

The fair value of available for sale securities and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

	<u>Fair Value</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>
2005			
U.S. Government and federal agencies	\$ 76,508	\$ -	\$ (1,123)
States and municipals	22,601	402	(232)
Collateralized mortgage obligations and mortgage backed securities	16,188	37	(349)
Total	<u>\$ 115,297</u>	<u>\$ 439</u>	<u>\$ (1,704)</u>
2004			
U.S. Government and federal agencies	\$ 82,625	\$ 58	\$ (543)
States and municipals	15,082	442	(23)
Collateralized mortgage obligations and mortgage backed securities	16,126	49	(214)
Total	<u>\$ 113,833</u>	<u>\$ 549</u>	<u>\$ (780)</u>

NOTE 2 - SECURITIES (continued)

Proceeds from sales of available for sale securities were \$8,035 with gross gains \$13 for 2004. There were no sales in 2005.

The fair value of debt securities and carrying amount, if different, at year-end 2005 by contractual maturities were as follows. Securities not due at a single maturity date, primarily mortgage-backed securities, are shown separately.

	<u>Fair Value</u>
Due in one year or less	\$ 32,569
Due after one year through five years	31,202
Due after five years through ten years	25,193
Due after ten years	10,145
	99,109
Collateralized mortgage obligations and mortgage backed securities	16,188
	<u>\$ 115,297</u>

Securities with a carrying value of \$78,695 and \$77,162 at year-end 2005 and 2004 were pledged to secure public deposits, trust deposits, and for other purposes.

Securities with unrealized losses at year-end 2005 and 2004, aggregated by investment category and length of time that individual security have been in a continuous unrealized loss position, are as follows:

<u>Description</u>	<u>Less than 12 Months</u>		<u>12 Months or More</u>		<u>Total</u>	
	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
<u>2005</u>						
U.S. Government and federal agencies	\$ 31,379	\$ (213)	\$ 45,129	\$ (910)	\$ 76,508	\$ (1,123)
States and municipals	10,329	(219)	681	(13)	11,010	(232)
Collateralized mortgage obligations and mortgage based securities	6,456	(115)	8,045	(234)	14,501	(349)
Total temporarily impaired	<u>\$ 48,164</u>	<u>\$ (547)</u>	<u>\$ 53,855</u>	<u>\$ (1,157)</u>	<u>\$ 102,019</u>	<u>\$ (1,704)</u>
<u>2004</u>						
U.S. Government and federal agencies	\$ 48,718	\$ (399)	\$ 20,351	\$ (144)	\$ 69,069	\$ (543)
States and municipals	690	(8)	287	(15)	977	(23)
Collateralized mortgage obligations and mortgage based securities	4,013	(63)	7,735	(151)	11,748	(214)
Total temporarily impaired	<u>\$ 53,421</u>	<u>\$ (470)</u>	<u>\$ 28,373</u>	<u>\$ (310)</u>	<u>\$ 81,794</u>	<u>\$ (780)</u>

Unrealized losses on securities have not been recognized into income because the securities are of high credit quality, management has the intent and ability to hold for the foreseeable future, and the decline in fair value is largely due to fluctuations in market interest rates. The fair value is expected to recover as the bonds approach their maturity and/or market rates change.

NOTE 3 - LOANS

Loans at year-end were as follows:

	<u>2005</u>	<u>2004</u>
Commercial	\$ 113,870	\$ 88,092
Real estate, primarily residential	79,081	85,421
Consumer	15,760	14,518
Other	373	451
Subtotal	<u>209,084</u>	<u>188,482</u>
Less: Allowance for loan losses	(2,003)	(1,673)
Net deferred loan fees	<u>(474)</u>	<u>(512)</u>
Loans, net	<u>\$ 206,607</u>	<u>\$ 186,297</u>

Activity in the allowance for loan losses was as follows:

	<u>2005</u>	<u>2004</u>
Beginning balance	\$ 1,673	\$ 1,596
Provision for loan losses	310	180
Loans charged off	(42)	(144)
Recoveries	<u>62</u>	<u>41</u>
Ending balance	<u>\$ 2,003</u>	<u>\$ 1,673</u>

Impaired loans were as follows:

	<u>2005</u>	<u>2004</u>
Year-end loans with no allocated allowance for loan losses	\$ —	\$ —
Year-end loans with allocated allowance for loan losses	<u>669</u>	<u>281</u>
Total	<u>\$ 669</u>	<u>\$ 281</u>
Amount of the allowance for loan losses allocated	\$ 102	\$ 53
Average of impaired loans during the year	292	851
Interest income recognized during impairment	—	—
Cash-basis interest income recognized	—	—
Loans past due over 90 days still on accrual	—	—
Nonaccrual loans	669	281

Loans to executive officers and directors, including loans to affiliated companies of these individuals, totaled approximately \$1,830 and \$2,322 at year-end 2005 and 2004.

NOTE 4 - PREMISES AND EQUIPMENT

Year-end premises and equipment were as follows:

	2005	2004
Land	\$ 1,097	\$ 1,097
Buildings and improvements	8,278	8,055
Furniture and equipment	4,735	4,437
	14,110	13,589
Less: Accumulated depreciation	7,314	6,853
	\$ 6,796	\$ 6,736

Depreciation expense was \$647 and \$655 for the years ended 2005 and 2004. Rent expense was \$187 for each of the years ended 2005 and 2004.

NOTE 5 - CORE DEPOSIT INTANGIBLE

The core deposit intangible carrying value was \$283 (gross amount of \$1,967 and accumulated amortization of \$1,684) and \$457 (gross amount of \$1,967 and accumulated amortization of \$1,510) as of year-end 2005 and 2004. Amortization expense was \$174 and \$185 for 2005 and 2004.

Estimated amortization expense for each of the next five years:

2006	\$ 165
2007	118
2008	—
2009	—
2010	—

NOTE 6 - TIME DEPOSITS AND TIME REPURCHASE AGREEMENTS

Time deposits of \$100 or more were \$61,475 and \$60,132 at year-end 2005 and 2004.

Scheduled maturities of time deposits and term repurchase agreements for the next five years were as follows:

	Time Deposits	Repurchase Agreement	Total
2006	\$ 79,012	\$ 8,778	\$ 87,790
2007	29,223	—	29,223
2008	8,016	—	8,016
2009	2,690	—	2,690
2010	1,895	—	1,895

Deposits from principal officers, directors, and their affiliates at year-end 2005 and 2004 were \$3,449 and \$3,949.

NOTE 7 - FEDERAL HOME LOAN BANK ADVANCES

At year-end, advances from the Federal Home Loan Bank were as follows:

	2005	2004
Maturities September 2008 through September 2010, fixed rates at rates from 0% to 4.8%, averaging 4.7%.	\$ 6,230	\$ –

Each advance is payable at its maturity date, with a prepayment penalty for fixed rate advances. The advances are collateralized by first mortgage loans under a blanket lien arrangement.

The advances have required repayments of \$30 in 2006, \$2,000 in 2008, \$1,200 in 2009 and \$2,000 in 2010.

NOTE 8 - EMPLOYEE BENEFIT PLANS

Citizens National Bank provides a 401(k) retirement plan for their employees which matches employee contributions up to 50% of a maximum of 6% of salary. Expense for the 401(k) plan was \$106 and \$111 for 2005 and 2004.

Deferred Compensation Plans – The Corporation maintains a deferred compensation for its directors and executive officers.

Under the director plan, the directors may elect to defer their compensation until termination of service. The fees deferred are invested by the Bank at the discretion of the director. Upon termination of service, Citizens National Bank pays the director, or their beneficiary, the amount deferred (plus or minus accumulated earnings or losses) over 10 years. The expense incurred for the director plan for each of the last two years was \$34 and \$37, and resulted in deferred compensation assets and liabilities of \$422 and \$415 as of year end 2005 and 2004.

The executive plan covers three executives and provides for salary continuation for period of 19 years following their retirement. The cost of this plan is being accrued over the executive's service period such that the liability will be fully accrued upon their retirement. The expense incurred for the executive plan for each of the last two years was \$224 and \$61 and resulted in a liability of \$827 and \$603 as of year end 2005 and 2004.

NOTE 9 - INCOME TAXES

The income tax expense was as follows:

	2005	2004
Current	\$ 1,307	\$ 1,233
Deferred	(165)	(98)
Total	\$ 1,142	\$ 1,135

The difference between the recorded income tax expense and the amount computed by applying the effective federal income tax rate of 34% is primarily attributable to interest income from securities exempt from federal taxation, increase in earnings of cash surrender value of certain life insurance policies, nontaxable gain from death benefit on the termination of a life insurance policy, new market tax credits, and qualified zone academy bond credits.

NOTE 9 - INCOME TAXES (continued)

Deferred tax assets and liabilities at year-end consist of:

	2005	2004
Deferred tax assets:		
Loan loss provisions	\$ 137	\$ 32
Deferred compensation	431	348
Accrued expenses	-	68
Unrealized loss on available for sale securities	408	69
Other	3	20
	979	537
Deferred tax liabilities:		
Premises and equipment	(319)	(356)
Core deposit intangible, and other purchase accounting adjustments	(190)	(251)
Accretion on securities	(24)	(21)
Federal Home Loan Bank stock dividends	(166)	(147)
Other	(87)	(74)
	(786)	(849)
Net deferred tax asset / (liability)	\$ 193	\$ (312)

No valuation allowance for deferred tax assets is considered necessary.

NOTE 10 - LOAN COMMITMENTS AND OTHER RELATED ACTIVITIES

Some financial instruments, such as loan commitments, credit lines, letters of credit, and overdraft protection, are issued to meet customer-financing needs. These are agreements to provide credit or to support the credit of others, as long as conditions established in the contract are met, and usually have expiration dates. Commitments may expire without being used. Offbalance-sheet risk to credit loss exists up to the face amount of these instruments, although materiel losses are not anticipated. The same credit policies are used to make such commitments as are used for loans, including obtaining collateral at exercise of the commitment.

The contractual amount of financial instruments with off-balance-sheet risk was as follows at year-end:

	2005	2004
Commitments to make loans	\$ 11,250	\$ 9,199
Unused lines of credit and letters of credit	4,810	3,312

Commitments to make loans are generally made for periods of 60 days or less. Approximately 50% of commitments to make loans are fixed rate. The fixed rate loan commitments have interest rates ranging from 3.50% to 9.50% and maturities up to 20 years, with the majority between one year and five years.

At year-end 2005 and 2004, reserves of \$5,065 and \$5,708 were required as deposits with the Federal Reserve or as cash on hand. The reserves do not earn interest.

Letters of credit are financial instruments considered financial guarantees under FASB Interpretation 45 (FIN45). These instruments are carried at fair value and are immaterial to the financial statements as defined under FIN 45.

NOTE 11 - EARNINGS PER SHARE

Basic earning per share was computed as follows.

	<u>2005</u>	<u>2004</u>
Net income	\$ 3,905	\$ 3,148
Average common shares outstanding (thousands)	517	522
Basic earnings per share	\$ 7.55	\$ 6.03

NOTE 12 - CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS

The Corporation's primary source of funds from which to pay dividends to shareholders is the dividends it receives from its subsidiaries. The Corporation is subject to regulations which require the maintenance of certain levels of capital and, as a result, limit the amount of dividends that they may pay. One regulation limits the amount of dividends the Corporation may pay in a single year, without approval by the respective bank's regulators, to the amount of retained net profits of the most recent two years. Other regulations require the Corporation to maintain minimum capital to asset ratios at levels defined by banking regulations, as further described below. At current earnings levels, those regulations pose no practical restriction to the Bank's ability to pay dividends sufficient to meet the holding company's cash obligations.

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2005 and 2004, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

**NOTE 12 - CAPITAL REQUIREMENTS AND RESTRICTIONS ON RETAINED EARNINGS
(continued)**

Actual and required capital amounts (in millions) and ratios are presented below at year-end.

	<u>Actual</u>		<u>Minimum Required for Capital Adequacy Purposes</u>		<u>Minimum Amounts to be Well Capitalized Under Prompt Corrective Action Provisions</u>	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
2005						
Total Capital to risk						
Consolidated	\$ 30.3	13.6 %	\$ 17.8	8.0%	\$ 22.3	10.0%
Citizens National Bank	30.1	13.5	17.8	8.0	22.3	10.0
Tier 1 (Core) Capital to risk						
Consolidated	28.3	12.7	8.9	4.0	13.3	6.0
Citizens National Bank	28.1	12.6	8.9	4.0	13.4	6.0
Tier 1 (Core) Capital to Average Assets						
Consolidated	28.3	8.1	13.8	4.0	17.3	5.0
Citizens National Bank	28.1	8.1	13.8	4.0	17.3	5.0
2004						
Total Capital to risk						
Consolidated	\$ 27.0	13.7 %	\$ 15.8	8.0%	\$ 19.7	10.0%
Citizens National Bank	26.6	13.5	15.8	8.0	19.7	10.0
Tier 1 (Core) Capital to risk						
Consolidated	25.3	12.8	7.9	4.0	11.8	6.0
Citizens National Bank	24.9	12.6	7.9	4.0	11.8	6.0
Tier 1 (Core) Capital to Average Assets						
Consolidated	25.3	7.6	13.3	4.0	16.6	5.0
Citizens National Bank	24.9	7.4	13.4	4.0	16.8	5.0

NOTE 13 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Carrying amount and estimated fair values of financial instruments were as follows at year-end:

	<u>2005</u>		<u>2004</u>	
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Financial assets				
Cash and cash equivalents	\$ 11,857	\$ 11,854	\$ 16,457	\$ 16,457
Available-for-sale securities	115,297	115,297	113,833	113,833
Loans held for sale	323	323	386	386
Loans, net	206,607	206,898	186,297	180,875
Restricted securities	1,688	1,688	1,633	1,633
Accrued interest receivable	1,875	1,875	1,390	1,390
Financial liabilities				
Deposits	301,359	300,714	292,172	294,825
Borrowings	20,478	21,508	14,703	14,703
Accrued interest payable	593	593	484	484
Off-balance sheet items	—	—	.3	.3

NOTE 13 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The methods and assumptions used to estimate fair value are described as follows. The carrying value is considered to estimate fair value for cash and cash equivalents, nonmarketable equity securities, accrued interest receivable and payable, demand and savings deposits, and borrowings. The fair value for securities is based on quoted market values for the individual securities or, if no quotes are available, on the rate and term of the security and on information about the issues. The fair value for loans and certificates of deposits are based on estimates of discounted cash flow analysis using current market rates for the estimated life and credit risk. Fair value of loans held for sale approximates cost.

NOTE 14 - COMPREHENSIVE INCOME

Other comprehensive income components were as follows:

	<u>2005</u>	<u>2004</u>
Unrealized holding gains and losses on available-for-sale securities, net of tax	\$ (659)	\$ (639)
Reclassification adjustments for losses later recognized in income, net of tax	<u>—</u>	<u>(9)</u>
Other comprehensive income	<u>\$ (659)</u>	<u>\$ (648)</u>

Executive Officers

Dennis T. DortonPresident/CEO/Trust Officer
Mark J. WieteExecutive Vice President/Chief Operating Officer
Charles L. PattonSenior Vice President/Chief Financial Officer

Corporate Secretary

Sharon Collins*Executive Secretary*

Officers

Pamela Butcher.....*Vice President Retail Banking*
Paula Chandler*Vice President & Compliance Officer*
Kathy M. Kinner*Vice President Human Resources*
Toni C. Spradlin*Vice President & Trust Officer*
Ben D. Tackett, Jr.*Vice President Commercial Loans*
Rose M. Wheeler*Vice President Information Systems & Operations Manager*
Connie Castle*Assistant Vice President & Comptroller*
Judy L. Frazier*Assistant Vice President & Branch Manager*
Nantha J. Holbrook.....*Assistant Vice President & Auditor*
Paula Howard.....*Assistant Vice President & Branch Manager*
Glenna R. Lemaster*Assistant Vice President & Manager Customer Data Center*
Joyce C. Lemaster.....*Assistant Vice President & Branch Manager*
Beverly A. Oxford*Assistant Vice President & Credit Manager*
Patty D. Adams*Branch Operations Manager*
Tommie S. Campbell.....*Loan Officer & Branch Manager*
Donna R. Cassell*Human Resource Specialist*
Chris Castle*Commercial Loan Officer*
Bryan Chaney.....*Commercial Loan Officer*
Kimberly Dalton*Marketing Officer*
Ramona Laney*Systems Administrator*
Earlene Nelson*Loan Officer*
Arnetia J. Robinson*Loan Officer & Branch Manager*
Stephanie A. Salyer*Loan Officer & Branch Manager*

Shareholder Information

Annual Shareholders Meeting

Citizens National Corporation, 620 Broadway, Paintsville, KY 41240
Tuesday, April 18, 2006
10:30 a.m.

How To Buy Stock

Prospective investors, securities analysts, portfolio managers and representatives of financial institutions seeking information about the purchase of Citizens National Corporation stock may contact:

Morgan Keegan and Co. Inc., Van Thompson, Broker, 489 East Main Street, Lexington, KY 40507
Telephone: (800) 937-0161

Citizens National Corporation stock is listed on the NASDAQ stock exchange under symbol CZNL

Shareholder Inquiries

Communications regarding stock holdings, stock certificates, dividend payments, changes of address, transfer of ownership, or other stock matters may be directed to Citizens National Corporation.

Transfer Agent

Citizens National Corporation, 620 Broadway, Paintsville, KY 41240
606-789-4001 ext 225
Email: scollins@cnbonline.com

Investor Relations

Citizens National Corporation's Annual Report and current stock price information are available by contacting the company through Email: scollins@cnbonline.com Prospective investors, securities analysts, portfolio managers and representatives of financial institutions seeking these reports or other information regarding the Company may contact:

Charles L. Patton, Sr. V.P & CFO

Citizens National Corporation, 620 Broadway, PO Box 1488, Paintsville, KY 41240-5488
Telephone 606-789-4001 ext 226
Fax: 606-789-4440
Email: cpatton@cnbonline.com

Common Stock

Citizens National Corporation has approximately 205 shareholders. Quarterly dividends on Citizens National Corporation common stock, when declared by the Board of Directors, are paid on or about March 31, June 30, September 30 and December 31. The Company does not currently offer a dividend reinvestment program.

We're Committed to Our Customers...

Left to Right: Kathy M. Kinner, Vice President Human Resources; Pamela Buther Vice President Retail Banking; Mark J. Wiete, Executive Vice President/Chief Operating Officer; Dennis T. Dorton (sitting), President/CEO/Trust Officer; Charles L. Patton, Senior Vice President/Chief Financial Officer; Rose M. Wheeler, Vice President Information Systems & Operations Manager; Ben D. Tackett, Jr., Vice President Commercial Lending



Senior Management Team and Executive Committee

2005 to 2010 Strategic Plan

Beginning in December of 2004, the executive committee of Citizens National Bank began the development of a five year strategic plan. The process was facilitated by Dr. Susan Newkirk-Moore, principal of Moore & Associates and adjunct professor of the University Of Louisville School of Business. The plan was completed in March of 2005 and presented to the Citizens Board in April of 2005. It was then presented to every employee of Citizens National Bank.

The following Vision Statement was developed:

Citizens National Bank will be the **preferred, high performing, independent community bank in East Kentucky. We will partner with growing businesses and consumers to build lasting and successful relationships.** We will do this by **providing financial products and services valued by our customers,** delivered by **committed employees who really mean it!!!**

A thorough market analysis including demographics and competitive market share, along with an in depth consumer and business survey was completed prior to the development of strategic goals. With this information, the executive committee then spent a significant amount of time developing a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats).

Strengths

Committed Employees & Board
Local Decision Making
Credit Quality

Opportunities

Pike county & new markets
Wealth Mgt & Seniors
Expanded loan opportunities

Weaknesses

Loan Mix
Customer Relationship information
Pike County market share

Threats

Depopulation & regional economy
Limited Labor pool
Non bank competitors

From our research and Vision Statement we developed four Strategic Goals and initiatives:

- 1. Become the preferred, high performing, independent community bank in East Kentucky.**
 - Grow to \$500 million by 2010 (100th anniversary)

- Return on Equity of 15 to 18%
 - Return on Assets of 1.30 to 1.50%
 - Capital to Assets of 8 to 8.5%
 - Attain 30% market share in every county we operate in.
- 2. Become a partner with growing businesses and consumers, and build lasting and successful relationships.**
 - Grow commercial & consumer loans, and core deposits by 5 to 10% per year.
 - Grow home equity lines to \$25 million by 2010.
 - Develop customer relationship management system and relationship selling.
 - Retain existing customer base and increase new customers simultaneously.
 - 3. Provide financial products and services valued by our customers.**
 - Expand & develop Wealth management and Trust services.
 - Create a "WOW" customer service environment
 - Attain and measure customer satisfaction
 - Develop a senior citizens product line.
 - 4. Develop and retain committed employees who really mean it !!**
 - Provide competitive compensation and benefits plans that are consistent with strategic goals.
 - Minimize employee turnover and retain committed employees.
 - Provide effective and frequent employee communication.
 - Provide career planning and succession planning.
 - Provide effective sales and service training.

Each strategic goal and initiative has been assigned to a senior manager, whose responsibility has been to develop specific tactics designed to accomplish the goal. Our top ten goals are reviewed and updated every month in executive committee and an update provided to the Board on a semi annual basis.

The strategic plan has been an excellent management tool as it has allowed us to prioritize, focus, and communicate to the entire organization, the most important initiatives necessary to grow Citizens National Bank.

Board of Directors



Gregory Meade

Newly elected Chairman of the Board. Elected to the CNC Board on April 15, 1991. Meade is the Owner/Operator of Meade Insurance Company of Paintsville. He is Chairman of the Johnson County Soil Conservation district, and the Paintsville/Prestonsburg Airport Board. He serves as secretary of the Johnson County Farm Bureau, is a member of the Johnson County Extension Board, Mountain

Homeplace Board and the Johnson County Tobacco Settlement Disbursement Board.



Barrett Frederick

A member of the CNC Board since April 1986, Frederick is President of Rifle Coal Company a highway contracting company. He holds a Juris Doctor degree from the University of Louisville and practiced law from 1974 until 1980 in the West Liberty area.



Paul D. Brown

Elected to the board in April 1970 and the longest serving member, Brown retired as President of Redd, Brown and Williams Insurance and Real Estate Agency in 1998. He has managed many business adventures including: Hager Hill Market; Industrial Food Service; Paul D. Brown Co., Ltd. and others.



Bob Hutchison

Board Member since April 1991. Also the Chairman of the Board of Paul B. Hall Medical Center. Hutchison and his brother Tom own and operate 11 McDonald's restaurants in eastern Kentucky. He is a member of the Johnson County Tourism Commission, Johnson County Board of Education, Mountain Christian Academy and the Christian Appalachian Project.



Larry Conley

CNC Board member since August 1992. Conley has been a sports announcer for various stations including CBS, NBC, ABC, Fox Television and ESPN; a former manager for both General Electric Credit and Converse Rubber Co. He played basketball for the University of Kentucky Basketball program and played professionally for the Kentucky Colonels.



Lynn Mullins

Board Member since April, 1994. Mullins is a partner in Crigger/Mullins Speech Therapy Services. She is a member of the American Speech-Language-Hearing Association and the Kentucky Speech-Language-Hearing Association.



Robin Cooper

A member of the CNC Board since April 1983, Cooper is presently Director of Member Services for the Kentucky League of Cities and the Past Mayor of Paintsville. He has served as chairman for the Kentucky League of Cities, Kentucky Law Enforcement Council and the Big Sandy Community Action Program. He is the former owner/operator of Progressive Publishing, Inc.



Marvin Butch Walker

Elected board member in 2005. Marvin Butch Walker is an attorney and registered Professional Engineer. Walker works as managing partner with his wife Kathy Walker of Elm Street Resources. He was previously with the law firm of Wells, Porter, Schmitt in Paintsville.



Dennis T. Dorton

Dorton joined Citizens in 1970, became a member of the CNC Board in April 1982 and was named President/CEO in 1986. He is President/CEO of Citizens National Bank, CNC Mortgage, LLC, CNC Insurance Agency, LLC and CNC Development Foundation, Inc. He is a member of Highlands Regional Medical Center Board of Trustees and a member of the Board of Consolidated Health. Present member of the Big

Sandy Region Industrial Authority and current chairman of the Economic Development Committee of the Floyd County Chamber of Commerce; Board member of Paintsville-Johnson County Chamber of Commerce and a present committee member of the Johnson County Schools Advisory Committee.



Harold D. Ward

Elected to the CNC Board in October 1998. He is the Owner, President and CEO of Rainbow Homes whose Corporate Offices are located at Hager Hill, Kentucky. Ward is a member of the Kentucky Housing Corporation and the Kentucky Manufacturing Corporation.