

PUBLIC DISCLOSURE

December 22, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Citizens National Bank
Charter Number 13847**

**143 South Main Street
Woodsfield, Ohio 43793**

**Office of the Comptroller of the Currency
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146**

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 The Citizens National Bank prepared by The Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 22, 1998. 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 “satisfactory” rating is based on the bank’s overall performance. Although Citizens National Bank’s loan-to-deposit ratio is low, it has an excellent record of lending to low- and moderate-income individuals and small businesses. Furthermore, the bank either met or exceeded the standards for satisfactory performance for lending in the assessment area and the geographic distribution of loans.

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The following table indicates the performance level of **The Citizens National Bank** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	The Citizens National Bank PERFORMANCE LEVELS		
	Exceeds Standards for	Meets Standards for Satisfactory	Does Not Meet Standards for

	Satisfactory Performance	Performance	Satisfactory Performance
Loan-to-deposit ratio			X
Lending in assessment area	X		
Lending to borrowers of different incomes and to businesses of different sizes		X	
Geographic distribution of loans		X	
Response to complaints	No Complaints Were Received Since the last Examination		

DESCRIPTION OF INSTITUTION

The Citizens National Bank of Woodsfield (Citizens NB) is a \$59 million bank located in the village of Woodsfield, Ohio. Citizens NB is wholly owned by CNB Bancorp, Inc., a one bank holding company. Woodsfield is located in Monroe County, a non-metropolitan statistical area (non-MSA). The bank has one additional branch, located in Sardis, OH, also within the non-MSA area and Monroe County. The main office in Woodsfield has an automated teller machine (ATM). There have been no offices opened or closed since the last Community Reinvestment Act examination in May 1995.

Citizens NB is a full service financial institution. Individuals can refer to the bank's CRA Public File for a specific list of available products and services. The bank's financial condition, asset size and product offerings do not limit its ability to meet the community's credit needs.

Citizens NB's credit products focus on small businesses, residential real estate and consumer lending. By dollar amount, residential mortgage loans comprise 55% of the bank's loan portfolio; consumer loans are 24%; and commercial loans are 21%.

DESCRIPTION OF BANK'S ASSESSMENT AREA

Citizens NB's geographic area includes all of Monroe County, Ohio. The county had a population of 15,000 per the 1990 U.S. Census. The area consists of 4 block numbering areas (BNAs). As defined by the U.S. Census Bureau, two of the BNAs are considered moderate-income; two are considered middle-income. The 1997 Ohio statewide non-metropolitan median family income was \$40,500.

Bank management describes the local economy as stagnant. Six of seven coal mines have closed since the 1970's. A locally-owned aluminum plant is the predominant employer with about 2,400 employees. An assortment of small businesses comprise the remainder of the area's economic base. Unemployment is above the national average at 6.5%, but is the lowest it has been in 15 years.

Competition consists primarily of two credit unions associated with the aluminum plant and a locally headquartered savings bank. The credit unions provide credit services to a significant share of area residents due to their access to the relatively large number of aluminum plant employees. Other competitors include branch offices of commercial banks headquartered outside of the assessment area.

To ascertain credit needs within Citizens NB's assessment area, the examiners contacted two local organizations whose purpose is foster community development through economic and residential housing development. These groups stated that credit needs include loans to facilitate the start-up and retention of small businesses. They also state that the community requires residential mortgage lending to help residents, especially low- and moderate-income individuals, build, acquire or renovate area housing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The examiners evaluated performance since the May 1995 examination by sampling about 82 loans (totaling \$1.1 million) which the bank originated between December 1, 1997 and November 30, 1998. The sample represented approximately 12% of the 664 total number of loans and 17% of the \$6.9 million of total dollar amount of residential real estate, consumer and commercial loans originated during this time frame.

Loan-to-Deposit Ratio Analysis

Citizens NB's loan-to-deposit ratio is below the level for satisfactory performance. Since the previous examination (about 13 quarters), the ratio averaged 40%. The average for the savings bank and two credit unions headquartered in the assessment area that comprised the bank's local peers ranged from 63% to 85%. Citizens NB's loan-to-deposit ratio has remained stable since the last CRA examination in May 31, 1995.

Citizens faces extraordinary competition from the credit unions in meeting community credit needs. The credit unions have a relatively large market share, as they are associated with the aluminum plant which is the assessment area's predominant employer. As a result, they provide credit services to many of the area's residents.

Bank management's strategy to increase lending in this competitive environment includes the recent renovation of the bank's main office in Woodsfield that will ease accessibility to public. Bank hours have also been extended. In 1999, bank management plans to design and implement greater lender-initiated lending activity now possible with the bank's renovated facility.

Lending in Assessment Area

A substantial majority of the bank's loan originations are to borrowers within its assessment area. This includes a large volume of small dollar consumer loans and contributes to the high volume of originations in relation to the bank's total asset size.

originated within the assessment area. For consumer loans, 99% by dollar volume and 97% by number originated within the assessment area. All small business loans originated within the assessment area.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The Bank’s lending shows a reasonable distribution to borrowers of different incomes for both the dollar and volume of mortgage loan originations. Consumer loans indicate excellent penetration of low- and moderate-income families. The “combined” statistics consumer and residential mortgage loans show that the bank made a large portion of its loans to low income individuals. Most notable were consumer loans for which 64% by dollar amount were provided to low income persons. This compares favorably to demographic information which shows that low income persons comprise only 30% of the assessment area’s population. The ability of low income persons to borrow from Citizens NB is aided by the bank’s willingness to offer loans of very small dollar amounts, as low as \$300.

The following table compares residential mortgage and consumer loan originations within the examiner’s sample to 1990 U.S. Census Data for Non-MSA within the Citizen NB’s assessment area.

Lending to Borrowers of Different Incomes										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
Area Demographic Characteristics	30%		20%		22%		28%		100%	
Loan Types	\$	#	\$	#	\$	#	\$	#	\$	#
Consumer	64%	58%	20%	27%	15%	13%	1%	2%	100%	
Mortgages	16%	21%	12%	25%	32%	21%	40%	33%	100%	
Combined	40%	40%	16%	26%	24%	17%	20%	17%	100%	

Housing and Urban Development (HUD) prepared information for the assessment area indicates that the number of reporting businesses with gross annual revenues less than \$1 million were 94% of the total. From December 1, 1997 to November 30, 1998, 100% of the bank's new commercial loans were provided to "small businesses" as defined by HUD. Furthermore, these loans were centered in very small businesses with less than \$250 thousand in annual revenue, as shown in the table below.

Annual Business Revenue \$000's	# of Loans	\$ of Loans
< \$100	60%	46%
\$100-\$250	40%	54%

Geographic Distribution of Loans

Loans originated within the bank's assessment area reflect a reasonable distribution among the two moderate-income BNAs. The bank derives a relatively large portion of its lending from the two middle-income BNAs in which its two banking facilities are located. The bank originated 77% of its loans by number in the middle-income BNAs, compared to demographic information which shows that 53% of the assessment area's population resides in these BNAs. Nevertheless, the bank provided 23% of its loans to individuals residing in the two moderate-income BNAs.

The following chart compares the number and volume of lending originations among the BNAs in the assessment area. The bank's assessment area contains no low-income or upper-income BNAs.

Geographic Distribution of Loans			
	Moderate Income BNAs	Middle Income BNAs	Total
Area Demographic Characteristics	47%	53%	100%
Loan Types	#	#	#
Mortgages	27%	73%	100%
Consumer	23%	77%	100%
Small Business	40%	60%	100%
Combined	30%	70%	100%

Response to Complaints

No complaints have been received since the last examination.

Record of Compliance with Antidiscrimination Laws

Examiners found no substantive violations of the antidiscrimination laws and regulations. The bank has appropriate policies, procedures and training programs in place to prevent discriminatory or other illegal credit practices.