



SMALL BANK

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

PUBLIC DISCLOSURE

May 17, 2004

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Citizens National Bank of Woodsfield
Charter Number 13847**

**143 S. Main Street
Woodsfield, OH 43793**

**Comptroller of the Currency
Northern Ohio
3 Summit Park Drive Summit Office Park, Suite 530
Independence, OH 44131**

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.

INSTITUTION'S CRA RATING

This institution is rated Satisfactory.

The major factors supporting the bank's rating include:

- The bank's net loan-to-deposit ratio is reasonable.
- The bank's record of lending within the assessment area is excellent.
- The bank's record of consumer and home mortgage lending to borrowers of different income levels is excellent.
- The bank's geographic distribution of loans is good.

DESCRIPTION OF INSTITUTION

Citizens National Bank of Woodsfield, Ohio [CNBW] is a wholly owned subsidiary of CNB Bancorp Inc., a one-bank holding company. As of December 31, 2002, CNB Bancorp Inc. had \$57 million in total assets. The bank has two offices. The main office is located in Woodsfield, the county seat situated in central Monroe County. A branch is located in the Village of Sardis, at the southeastern edge of the county and approximately 15 miles south of Woodsfield. The bank provides drive-through banking service at both locations and an ATM at the main office. The ATM operates on the Jeanie network and offer services nationwide. The bank's focus is on retail banking and it offers standard products and services.

As of December 31, 2002 CNBW had \$57 million in total assets. Loans represent 38% of total assets. The distribution of CNBW's loan portfolio is as follows: real estate loans [63%], loans to individuals [21%], commercial and industrial loans [8%], and municipal loans [8%]. The bank's real estate portfolio consists of 1-4 family residential [68%], commercial [27%], and agricultural loans [5%]. The bank's primary business is originating retail loans to customers in and around its assessment area. Net loans and leases to total assets equal 38.28% as of December 31, 2002.

The bank received a "Satisfactory" CRA rating in the previous Public Evaluation dated December 22, 1998.

There are no current financial or legal impediments that prevent the bank from meeting community needs.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

CNBW's assessment area consists entirely of Monroe County. The AA consists of 4 census tracts: 2 (50%) moderate-income and 2 (50%) middle-income tracts. There are no low-income census tracts in the assessment area.

The Department of Housing and Urban Development [HUD] updated median family income for the assessment area for the year 2002 is \$48,700. The 1990 Census Bureau lists the assessment area population at 15,497 persons comprising 4,434 families. Of these families, 29.97% are low-income, 20.46% are moderate-income, 21.52% are middle-income and 28.06% are upper-income. Thirty-three per cent of the household income in the AA is derived from social security. Households with income below the poverty level are 22% with 11% of the households relying on public assistance. Owner-occupied housing units comprise 70% of the assessment area. The housing units are primarily one-to-four family with a median housing value of \$38,318. There is little demand for new housing construction due to a shrinking population, lack of employment opportunities and uncertainty regarding continued employment in existing industries.

The annual average 2002 unemployment rate for the assessment area exceeds both state and national averages. According to the State of Ohio Bureau of Labor Market Information, the unadjusted average unemployment rate for 2002 for Ohio was 5.7% versus the national unadjusted unemployment rate of 5.8%. Over the length of the evaluation period, the unemployment trends have fluctuated widely from 9.3% in 2000 to 6.6% in 2001. The 2002 average unemployment rate for Monroe County was 8.1%.

The local economy is slowly rebounding with concerted efforts to find new businesses to relocate in the county and expand existing businesses. Toward this end Monroe County employs a full-time Economic Developer to assist in this endeavor. The Black Walnut Industrial Park, located north of Woodsfield, was established to provide finished sites for businesses looking to relocate or expand to larger quarters. Several businesses have moved into the park since its inception providing approximately 500 jobs to the community. The Economic Developer also works closely with the Monroe County Director of Job and Family Services to provide workforce training to meet prospective employers' needs and interview prospective employees on an employer's behalf.

The current composition of industries within the AA includes national trade, Inter/Intra-state trade, retail, small manufacturing and financial institutions. Major employers include Ormet Primary Aluminum Corporation, Switzerland of Ohio Local School District, Safe Auto Insurance Corporation, Slay Trucking Company, and Riesbeck Super Markets

We determined the community's credit needs by contacting a representative from a local community organization and discussion with bank management.

We identified the following credit and non-credit needs in this AA:

- Affordable home improvement and rehabilitation loans for low- and moderate-income individuals. This issue was noted given that the current housing stock is old with an average build year of 1952.
- Loans to customers of the county CHIP's down payment assistance program which would cover any shortfalls due to limitations on the amount of assistance the program can provide and to applicants whose debt/income ratio and/or credit history fall just outside program parameters.
- Small business working capital loans to existing and start-up businesses in amounts of \$100 thousand or less.

Financial institutions located within the bank's AA include local community banks, credit unions and branches of regional institutions. CNBW's major competitors within its AA and their corresponding deposit market share include WesBanco Bank (36%) and Woodsfield Savings Bank (20%). CNBW holds 44% of the deposit market share within its AA. The Ohio Valley Credit Union [formerly known as Ormet Credit Union] is a major competitor in both the Woodsfield and Sardis markets. However, as they are not FDIC insured, deposit market share information is not available.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Our performance evaluation was based on the following factors. Based on volume, we placed more weight on the bank's consumer lending performance. During the evaluation period, the bank originated 1,231 (70%) consumer loans and 527 (30%) home mortgage loans.

Our analyses of consumer and home mortgage loans were based on samples taken from each of these portfolios. As the bank is not a HMDA reporter, our conclusions are based on a sample of home mortgage loans originated by the bank during the evaluation period. As CNBW does not distinguish home mortgage products by class code, this category combines home purchase, home improvement and home refinance loans.

Loan-to-Deposit Ratio

The bank's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the AA credit needs.

CNBW's loan-to-deposit ratio (LTD) as of December 31, 2002 was 43.34% and its average LTD over the previous 12 quarters was 41.90%. This ratio has shown an increase from 39% noted at last public evaluation in 4Q98.

For analysis purposes, CNBW's current and 12-quarter average LTD ratios were compared with

a peer group consisting of banks of various sizes and similar purpose with total assets between \$50MM & \$100MM with a two or fewer branches in a non-metropolitan area. The analysis shows CNBW's LTD ratios are well below the peer group's 4Q02 LTD ratio of 69.09% and the 12-quarter average of 69.84%.

Several factors explain the lower ratios. The bank services an older, aged community who has a lesser need to borrow for new housing and have already established residences. In addition, the bank's clientele also includes a large number of senior citizens and retirees who prefer taking out small dollar short-term loans causing these ratios to fluctuate widely on a quarterly basis. Finally, as previously noted, average unemployment rate has exceeded both state and national averages during most of the evaluation period and has effectively reduced retail loan demand.

Lending in Assessment Area

CNBW's record of lending within its AA exceeds the standards for satisfactory performance. A substantial majority of the loans originated by the bank were located within its AA. Our conclusions are based on a sample of 20 loans per product type originated by the bank during the evaluation period. The following table details the bank's lending within the AA by number of loan originations and dollar volume during the evaluation period.

Loans Originated within the Assessment Area								
	Inside AA				Outside AA			
	#	%	\$	%	#	%	\$	%
Consumer	19	95.00	167	98.24	1	5.00	3	1.76
Home Mortgage	20	100.00	614	100.00	0	NA	0	NA
Total	39	97.50	881	99.66	1	2.50	3	0.33

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

Overall lending to borrowers of different income levels is outstanding and reflects excellent penetration.

The bank's distribution of consumer lending reflects excellent penetration among individuals of different income levels, particularly with respect to low- and moderate-income borrowers. The bank's percentage of loans to low-income borrowers is near to the percentage of low-income households. The bank's percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income households. Our conclusions are based on a sample of 28 loans originated by the bank during the evaluation period.

Distribution of Lending by Borrower Income Level		
	Consumer Loans	Percentage of

	# of loans	% of loans	\$ of loans	% of loans	Households in AA
Low	9	32.14	75	29.64	34.70
Moderate	9	32.14	77	30.43	16.10
Middle	9	32.14	91	35.97	17.50
Upper	1	3.57	10	3.95	31.70

The bank's distribution of home mortgage loans reflects satisfactory penetration among individuals of different income levels. Although the percentage of the bank's loans to low-income borrowers is significantly lower than the percentage of low-income families, this performance is adequate given the high poverty rate in the AA. The bank's percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. CNBW participates in the CHIPS program providing home improvement loans to low- and moderate-income borrowers. This was identified as a credit need of the community. Our conclusions are based on a sample of 30 loans originated by the bank during the evaluation period.

Distribution of Lending by Borrower Income Level					
	Home Mortgage Loans				Percentage of Families in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	3	10.00	51	4.78	29.97
Moderate	10	33.33	358	33.52	20.46
Middle	11	36.67	284	26.59	21.52
Upper	6	20.00	375	35.11	28.06

Geographic Distribution of Loans

The bank's geographic distribution of loans is satisfactory and reflects good performance.

The bank's distribution of consumer loans is near to the distribution of households in moderate-income geographies.

Geographic Distribution of Lending					
	Consumer Loans				Percentage of Households in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	NA	NA	NA	NA	NA
Moderate	12	42.86	131	51.78	45.10
Middle	16	57.14	122	48.22	54.90
Upper	NA	NA	NA	NA	NA

The bank's distribution of home mortgage loans reflects adequate performance. Although the bank's origination of home mortgage loans within moderate-income geographies falls below the percentage of owner occupied housing in these geographies, this performance is considered

adequate given these facts. Fifty per-cent of the bank's AA is comprised of middle-income geographies where the AA's largest cities are also located. Additionally, the moderate-income geographies in the AA are located in the farther portions of the county where the bank does not have a branch office, is primarily rural in nature, and consists of only small villages and townships with limited available housing.

Geographic Distribution of Lending					
	Home Mortgage Loans				Percentage of Owner-Occupied Housing in AA
	# of loans	% of loans	\$ of loans	% of loans	
Low	NA	NA	NA	NA	NA
Moderate	3	10.00	73	6.84	46.69
Middle	27	90.00	995	93.16	53.31
Upper	NA	NA	NA	NA	NA

Responses to Complaints

CNBW has not received any written complaints regarding its performance meeting the credit and deposit needs of its AA during the evaluation period.

Fair Lending or Other Illegal Credit Practices Review

An analysis of recent public comments and consumer complaint information regarding the bank's CRA performance was performed according to the OCC's risk based fair lending guidelines. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the current CRA evaluation this year.