



## **PUBLIC DISCLOSURE**

August 08, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Citizens National Bank of Woodsfield  
Charter Number 13847

143 S. Main Street  
Woodsfield, OH 43793

Office of the Comptroller of the Currency

200 Public Square Suite 1610  
Cleveland, OH 44114-2301

**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 borrower distribution of loans reflects reasonable penetration among borrowers of different incomes.
- The geographic distribution of home loans among geographies of different incomes is reasonable and demonstrates satisfactory performance.
- The bank's record of lending in its Assessment Areas (AAs) meets the standards for satisfactory performance. A majority of lending activity has occurred inside the bank's AAs.
- The bank's net loan to deposit ratio meets the standards for satisfactory performance given the bank's size, financial condition, and the credit needs of the bank's AAs.

**SCOPE OF EXAMINATION**

We evaluated The Citizens National Bank of Woodsfield (CNBW or bank) in relation to the Community Reinvestment Act (CRA) using CRA small bank procedures. The evaluation period is January 1, 2013 through December 31, 2015. Home purchase and home refinance data was considered in our analysis. Using bank generated loan origination reports for the evaluation period and in discussions with management, we determined the bank's primary lending products are home purchase and home refinance loans. These products are representative of the bank's business strategy since the last examination. We found that home improvement, business, farm and consumer loans are not a primary lending focus of the bank. Therefore, we did not evaluate the bank's lending performance based on these products, as an analysis would not have been meaningful.

As described in the Description of Assessment Areas, CNBW has three AAs. The bank's primary Assessment Area (AA) consists of all of Monroe County, which is a non-Metropolitan Statistical Area (MSA). We selected this area for a full-scope review, as it contains the bank's headquarters, a majority of its branch locations, and 80 percent of the bank's deposits. Additionally, due to the reasons noted, we also gave the most weight to the bank's lending performance in the Monroe County AA.

The bank's second AA includes three census tracts in southwestern Belmont County surrounding its Barnesville branch. These tracts comprise a portion of the Wheeling, WV-OH MSA. We assessed the bank's performance in this AA using limited-scope procedures, as only a small portion of the bank's operations and lending stem from this area. In addition, approximately 16 percent of the bank's deposits are within the Belmont County AA.

The bank's third AA includes three census tracts in southwestern Guernsey County, surrounding its Quaker City Branch. These tracts are located in a non-MSA. The bank

has one branch located in this AA, which was opened in late 2012. Therefore, we assessed the bank's performance in this AA using limited-scope procedures, as the branch only has four percent of the bank's deposits and a small portion of the bank's lending stems from this AA. We also gave the least weight to the bank's lending in this AA, as the bank is establishing its presence and building a customer base.

Information from members of the local community was also considered in our analysis. We contacted one community organization involved in affordable housing and economic development initiatives to determine the community's credit and non-credit needs. Refer to the Description of Assessment Area section of this document for additional details.

CNBW is subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). Prior to the evaluation, we tested the accuracy of the bank's reported HMDA data and determined it to be reliable for use in this evaluation.

## **DESCRIPTION OF INSTITUTION**

CNBW is a full service community bank headquartered in Woodsfield, Ohio, servicing all of Monroe County and portions of Belmont and Guernsey Counties. As of June 30, 2016, the bank reported total assets of \$108 Million. The bank is a wholly owned subsidiary of CNB Bancorp Inc., a one-bank holding company.

CNBW's business strategy is to offer its customers a range of loan products, including home mortgage, consumer, commercial, agricultural and municipal loans, in addition to checking, savings, and time deposit accounts. Product offerings are uniform at all of their branches. The bank also offers limited online banking, which includes the ability to review balances, transfer funds between accounts and bill pay services.

CNBW operates four full-service branches within its AAs. The bank opened one new branch since our last examination located in Quaker City, Ohio, in late 2012. All bank branches have drive-through facilities. The bank has two ATMs located at the Woodsfield and Barnesville branches. The Quaker City, Sardis, and Barnesville branches are located in middle-income census tracts. The bank's Woodsfield branch is located at its main office, which is in a moderate-income census tract.

As of June 30, 2016, the bank's loan portfolio was primarily comprised of real estate loans (81 percent), commercial loans (9 percent), and consumer loans (7 percent). The balance of the portfolio is in municipal and agricultural loans (3 percent).

There are no legal or financial factors impeding the bank's ability to help meet the credit needs of the communities it serves. The previous CRA evaluation, dated January 4, 2011, resulted in a "Satisfactory" rating.

## DESCRIPTION OF ASSESSMENT AREA(S)

CNBW has delineated three AAs. The AAs comply with the regulation and do not arbitrarily exclude any low- or moderate-income census tracts. All AAs are consistent with the requirements of the regulation, include whole census tracts and do not substantially extend beyond MSA boundaries. All AAs were not impacted by Office of Management and Budget’s MSA delineation changes that took effect in January 2014.

### Monroe AA

<b>Demographic Information for Monroe AA</b>					
Demographic Characteristics	#	Low Income	Moderate Income	Middle Income	Upper Income
Geographies (Census Tracts)	4	0.00%	25.00%	75.00%	0.00%
Population by Income Level of Geography	14,642	0.00%	26.85%	73.15%	0.00%
Family Distribution by Income Level of Geography	4,209	0.00%	24.50%	75.50%	0.00%
Household Distribution by Income Level of Geography	6,174	0.00%	26.22%	73.78%	0.00%
Owner-Occupied Housing Units by Income Level of Geography	4,930	0.00%	24.44%	75.56%	0.00%
Distribution of Families by Income Level Throughout AA	4,209	20.57%	27.30%	22.43%	29.70%
Distribution of Households by Income Level Throughout AA	6,174	27.57%	18.45%	21.88%	32.10%
Median Family Income 2010 Census = \$52,573 FFIEC Updated Median Family Income for 2015 = \$56,900 Households Below Poverty Level = 17.46%			Median Housing value = \$85,972 2015 Unemployment Monroe County = 10.0%		

**Source:** 2010 Census data; US Department of Labor; Dun and Bradstreet 2010

CNBW’s primary AA is comprised of Monroe County, which includes three middle-income and one moderate-income census tracts. As previously noted, Monroe County is not within an MSA.

Competition within the Monroe AA for home mortgage loans is strong. According to an FDIC market share report dated June 15, 2015, there are three financial institutions operating five offices within the AA. Despite the limited presence of financial institutions, peer mortgage market share reports show there were 231 and 288 lenders that originated or purchased home mortgage loans in the AA during 2014 and 2015, respectively.

The major employers within this assessment area are Monroe County, Switzerland of Ohio School District, Union Local School District, Safe Auto Insurance, Ormet Primary

Aluminum Corporation, Woodsfield Nursing and Rehabilitation, and Murray Energy Corporation.

We determined the community's credit needs within the AA by contacting a representative from an affordable housing organization, as well as conducting discussions with bank management. Credit and non-credit needs of the community include:

- Local bank participation in providing home ownership counseling and education services to prospective home buyers.
- Funding for small business development.
- First time homeowner down payment assistance and rehabilitation loans to low- and moderate-income households. Loans to affordable housing organizations.

### Belmont AA

The bank's Belmont AA is comprised of three middle-income census tracts located in Belmont County. Belmont County is part of the Wheeling WV-OH multi-state MSA. Belmont County's 2015 annual unemployment rate according to the Bureau of Labor Statistics is 6.3 percent. The percentage of families living below the poverty level totaled 12.31 percent. Competition within this AA is strong. According to the FDIC June 30, 2015 deposit market share report, there were 13 institutions operating 32 offices in the AA. In addition, according to the 2015 peer mortgage aggregate data, 335 institutions originated or purchased loans within the AA.

### Guernsey AA

The bank's Guernsey AA is comprised of one moderate-income and two middle income census tracts located in Guernsey County. Guernsey County is not part of a multi-state MSA. Guernsey County's 2015 annual unemployment rate according to the Bureau of Labor Statistics is 6.3 percent. The percentage of families living below the poverty level equated to 14 percent. Competition within this AA is strong. According to the FDIC June 30, 2015 deposit market share report, there were eight institutions operating 15 offices in the AA. In addition, according to the 2015 peer mortgage aggregate data, 372 institutions originated or purchased loans within the AA.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

The bank's overall lending performance is Satisfactory. This conclusion is based primarily on performance within the Monroe AA, as this is where the bank has a majority of its branches and deposits. Our analysis includes all home purchase and refinance loans originated or purchased by the bank during the evaluation period.

## Loan-to-Deposit Ratio

The bank's average loan to deposit ratio is reasonable and meets the standards for satisfactory performance given the bank's size, financial condition, and the credit needs of the bank's AA. The bank's average quarterly loan-to-deposit ratio over the 22 quarters ending June 30, 2016 was 39.02 percent. This is slightly above the 30.48 percent experienced by similarly situated institutions during the same period. The bank's local peer group included three financial institutions ranging from \$49 million to \$532 million in assets.

## Lending in Assessment Area

CNBW's record of lending in its AAs meets the standards for satisfactory performance. As shown in Table 1, a majority of lending activity has occurred inside the bank's AAs. Approximately 78 percent of the number and 79 percent of the dollar amount of loans originated or purchased during the evaluation period were located within the bank's AAs.

<b>Table 1 – Lending in CNBW's Assessment Areas</b>										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	117	77.48	34	22.52	151	11,387	78.91	3,043	21.09	14,430
Home Refinance	138	81.18	32	18.82	170	11,787	79.54	3,032	20.46	14,819
<b>Totals</b>	<b>255</b>	<b>79.44</b>	<b>66</b>	<b>20.56</b>	<b>321</b>	<b>23,174</b>	<b>79.23</b>	<b>6,075</b>	<b>20.77</b>	<b>29,249</b>

Source: HMDA data January 1, 2013 through December 31, 2015.

## Lending to Borrowers of Different Incomes

The borrower distribution of loans reflects reasonable penetration among borrowers of different incomes. In evaluating the borrower distribution of home mortgage loans, we considered the level of lending competition in the AAs. We also gave consideration to the number of households that live below the poverty level in the AAs. It is especially difficult for the segment of the low-income population that lives below the poverty line to afford and maintain a home. Refer to the Description of Assessment Area section for competition and demographic information, including poverty rates.

Monroe AA

<b>Table 2 – Borrower Distribution of Home Mortgage Loans in Monroe AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.57	13.24	27.30	26.47	22.43	17.65	29.70	42.65
Home Refinance	20.57	8.11	27.30	16.22	22.43	24.32	29.70	45.95

Source: HMDA data January 1, 2013 through December 31, 2015.

The bank's distribution of home purchase and refinance loans to borrowers of different income reflects a reasonable distribution and meets the standards for satisfactory performance within the Monroe AA.

As shown in Table 2, the percentage of home purchase and home refinance loans to low-income borrowers is below the percentage of low-income families in the area. However, considering the level of competition and families living below the poverty level, these percentages are considered reasonable. In addition, the percentage of home purchase and home refinance loans to moderate-income borrowers is comparable to the percentage of moderate-income families in the area. The bank's percentages for home purchase loans also exceeds peer mortgage aggregate percentages and is consistent with peer mortgage aggregate percentages for home refinance loans. Based on 2014 and 2015 peer mortgage lending data, peer percentages for home purchase lending to low- and moderate-income borrowers equated to 9.09 percent and 20.83 percent, respectively. Peer percentages for home refinance lending to low- and moderate-income borrowers equated to 10.21 percent and 18.30 percent, respectively.

Belmont AA

<b>Table 3 – Borrower Distribution of Home Mortgage Loans in Belmont AA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.89	8.33	22.70	16.67	21.55	25.00	34.86	50.00
Home Refinance	20.89	4.55	22.70	9.09	21.55	36.36	34.86	50.00

Source: HMDA data January 1, 2013 through December 31, 2015.

CNBW's distribution of home purchase and refinance loans to borrowers of different income reflects a reasonable distribution and meets the standards for satisfactory performance within the Belmont AA.

As shown in table 3, the bank's percentages of home purchase and home refinance loans to both low- and moderate-income borrowers does not meet the percentages of low- and moderate-income families. However, the bank's percentages are consistent with peer mortgage aggregate percentages. Based on 2014 and 2015 peer mortgage lending data, peer percentages for home purchase lending to low- and moderate-income borrowers equated to 4.72 percent and 20.15 percent, respectively. Peer percentages for home refinance lending to low- and moderate-income borrowers equated to 3.58 percent and 15.77 percent, respectively.

### Guernsey AA

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.60	36.36	21.29	18.18	19.83	18.18	38.27	27.27
Home Refinance	20.60	20.00	21.29	40.00	19.83	20.00	38.27	20.00

Source: HMDA data January 1, 2013 through December 31, 2015.

The bank's distribution of home purchase and home refinance loans to borrowers of different income within the Guernsey AA is reasonable and meets the standards for satisfactory performance. As shown in Table 4, CNBW's percentages of home purchase and home refinance loans is consistent with the percentages of low- and moderate-income families within the AA.

### **Geographic Distribution of Loans**

The geographic distribution of home loans among geographies of different incomes is reasonable and demonstrates a satisfactory performance. To establish our conclusion, we considered the bank's limited ability to lend within moderate-income tracts given the geographic structure of both the Monroe and Guernsey AAs. We also gave consideration to the opening of the bank's branch office at the end of 2012 in the Guernsey A.

### Monroe AA

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans
Home Purchase	0.00	0.00	24.44	39.71	75.56	60.29	0.00	0.00
Home Refinance	0.00	0.00	24.44	47.30	75.56	52.70	0.00	0.00

Source: HMDA data January 1, 2013 through December 31, 2015.



The bank’s lending within the Monroe AA demonstrates an excellent geographic distribution of loans and exceeds the standard for satisfactory performance. As shown in Table 5, the bank’s percentage of home purchase and refinance loans exceeds the percentage of families living in the moderate- income tracts.

Guernsey AA

<b>Table 6 – Geographic Distribution of Home Mortgage Loans in Guernsey AA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans	% of AA Owner Occupied Housing	% of # of Loans
Home Purchase	0.00	0.00	33.27	18.18	66.73	81.82	0.00	0.00
Home Refinance	0.00	0.00	33.27	0.00	66.73	100	0.00	0.00

*Source: HMDA data January 1, 2013 through December 31, 2015.*

The bank’s lending within the Guernsey AA demonstrates a poor geographic distribution that does not meet the standard for satisfactory performance. As shown in table 6, the bank’s percentage of home purchase and refinance loans is significantly below the percentage of owner occupied housing in the AA.

Belmont AA

CNBW’s Belmont AA does not have any low- or moderate-income census tracts. Thus, we did not perform a geographic analysis of this AA, as it would not be meaningful.

**Responses to Complaints**

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

**Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank’s (bank) or Federal Savings Association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.