



Comptroller of the Currency
Administrator of National Banks

Summit Office Park
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Independence, Ohio 44131

PUBLIC DISCLOSURE

February 18, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Consumers National Bank
Charter Number 15543

614 Lincoln Way
Minerva, Ohio 44657

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 **Consumers National Bank** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 31, 1996**. 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."

Consumers National Bank's (CNB) performance under the Lending test is adequate. CNB's loan to deposit ratio exceeds satisfactory performance and has been maintained at a consistently high level well above peer banks. Our review showed that CNB receives applications within and outside of its designated assessment area. A reasonable amount of loans is made to borrowers of varying income levels within their assessment area.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	CONSUMERS NATIONAL BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for 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 received since the prior examination.		

DESCRIPTION OF INSTITUTION

CNB is a \$109 million wholly-owned subsidiary of Consumers Bancorp, Inc., headquartered in Minerva, Ohio. The bank operates four full-service branches in Hanoverton, Salem, Waynesburg, and Carrollton. CNB is a profitable institution that offers traditional loan and deposit services. Although the bank does not own and operate any automated teller machine (ATM), customers are provided with ATM cards to use at area MAC system machines. There are no financial or legal impediments that hinder the bank's ability to serve its community.

ASSESSMENT AREA

The bank's assessment area includes four counties, Stark, Carrollton, Columbiana, and Mahoning which are located in two Metropolitan Statistical Areas (MSAs). The bank's assessment area does not include any low income census tracts, most are middle income with one moderate income.

DESCRIPTION OF STARK AND CARROLL COUNTIES

Stark and Carroll Counties are in the Canton MSA #1320. The Minerva's main office is located in Stark County. The bank's designated assessment includes five middle income census tracts in Stark County. All of Carroll County's seven census tracts are middle income and included in the assessment area. CNB's Waynesburg and Carrollton branches are located in Carroll County. This area is primarily rural and agricultural.

Minerva is approximately 25 miles from downtown Canton. Canton is the county seat and is the largest city in Stark County. The city of Minerva has a population of approximately 4,500 people. Economic conditions are currently stable. The city has various small industrial companies that have been in the area for many years. The bank's primary competition comes from two regional bank offices and a large community bank. All CNB branch locations are within 10 to 15 miles of the main office.

DESCRIPTION OF MAHONING AND COLUMBIANA COUNTIES

Mahoning and Columbiana Counties are in the Youngstown-Warren MSA #9320. The assessment area includes 17 census tracts; 16 middle income and one moderate income in Mahoning County. Columbiana County houses the bank's Salem and Hanoverton branches. Five of the census tracts in southern Mahoning County were chosen due to their proximity to the Salem branch. Salem's major employers are small manufacturing firms. CNB's competition comes from two state banks. Hanoverton is primarily rural with the bulk of the residents commuting to Canton for employment.

HOUSING STATISTICS

Designated census tracts in both Youngstown-Warren and Canton MSAs have approximately 80% of their housing stock in one-to-four family homes and at least ten percent in trailer homes. In each MSA approximately 70% of homes are owner occupied.

Population / Households / Families / Family Income		
	Canton MSA	Youngstown-Warren MSA
Population	48,852	83,181
Households	17,800	30,517
Families	13,824	23,420
Median Family Income	\$32,485	\$30,605

LABOR FORCE STATISTICS

Unemployment rates are slightly higher than the 4.3% rate for the State of Ohio as of October 1996. County rates are as follows:

Carroll County	4.7%
Columbiana County	5.1%
Mahoning County	5.3%
Stark County	4.6%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

LOAN TO DEPOSIT RATIO:

- CNB loan to deposit ratio has averaged at least 80% throughout 1995 and 1996., which exceeds peer banks' 68% average during this similar time period.
- Loan demand has been good, despite limited marketing activities. Additionally, some loans are referred by Mortgage Net, a real estate loan originator.

LENDING IN ASSESSMENT AREA:

A reasonable amount of loans are originated in the bank's assessment area. Originations included approximately 50% in real estate loans and a higher level of consumer and commercial loans.

ORIGINATIONS OF REAL ESTATE, CONSUMER AND COMMERCIAL LOANS

1995	WITHIN AA \$ / #	PERCENT IN AA	OUTSIDE AA \$ / #	PERCENT OUTSIDE AA
REAL ESTATE	\$ 3,031,000	43.47%	\$ 3,941,000	56.53%
	93	45.37%	112	54.63%
CONSUMER	\$ 4,427,152	84.54%	\$ 809,340	15.46%
	532	85.12%	93	14.88%
COMMERCIAL	\$ 2,871,879	52.79%	\$ 2,567,807	47.21%
	66	70.97%	27	29.03%

1996	WITHIN AA \$ / #	PERCENT IN AA	OUTSIDE AA \$ / #	PERCENT OUTSIDE AA
REAL ESTATE	\$3,932,000	49.99%	\$3,934,000	50.01%
	111	54.95%	91	45.05%
CONSUMER	\$6,098,032	85.53%	\$1,031,346	12.47%
	1,084	89.66%	125	10.34%
BUSINESS	\$9,212,105	72.78%	\$3,446,232	27.22%
	188	77.05%	56	22.95%

- The information on real estate loans was based on the 1995 and 1996 Home Mortgage Data Application (HMDA) Loan Application Reports. The chart shows a greater dollar amount and number of real estate loans made outside of the bank's assessment area in 1995. The 1996 numbers show improved lending within the assessment area. Loans outside the assessment area were primarily in the non-designated portions of the Canton and Youngstown-Warren MSAs, particularly the City of Canton. Only East Canton, a smaller segment of Canton, is included in the assessment area.
- Customers that don't meet the bank's underwriting standards are referred to Norwest Financial Town Square loan products. The Town Square program requires only a 3% down payment and offers repayment periods up to 30 years.
- Data on consumer and commercial loans is based on information obtained from the bank's computerized loan system. This information was gathered by city location where loans originated to determine whether loans were within or outside of the assessment area.

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

- o Loan activity in Youngstown-Warren MSA census tracts is reasonable. Approximately 36% of the number and 21% of the dollar of loans originated were made to low-and-moderate income borrowers. HMDA statistics show that low-and-moderate income families represent approximately 37% of the middle income census tracts for the above MSA. Credit needs of the low-and-moderate income families are generally loans for small dollar amounts.

- o Loan activity in Canton MSA census tracts is reasonable. Almost 50% of the loans are to low-and-moderate income borrowers.

- o At least 96% of the business loans within the bank’s assessment area meet the definition of small business or small farm. The real estate and commercial loan numbers include farm loans. The bank indicated that it made 157 farm loans totalling \$9,548,949 in a 12 month period between 1995 and 1996. Refer to the charts in the Originations of Real Estate, Consumer and Commercial Loans Section for information on loan originations.

HMDA ORIGINATIONS BY APPLICANT INCOME

YOUNGSTOWN-WARREN MSA

1995 - 1996	# OF LOANS	PERCENT	\$ OF LOANS	PERCENT
LOW INCOME	11	11.34%	\$ 149,000	4.86%
MODERATE INCOME	24	24.74%	\$ 482,000	15.71%
MIDDLE INCOME	36	37.11%	\$1,285,000	41.88%
UPPER INCOME	26	26.80%	\$1,152,000	37.55%

CANTON MSA

1995 - 1996	# OF LOANS	PERCENT	\$ OF LOANS	PERCENT
LOW INCOME	16	15.53%	\$ 250,000	6.80%
MODERATE INCOME	29	28.16%	\$ 893,000	24.29%
MIDDLE INCOME	32	31.07%	\$1,216,000	33.07%
UPPER INCOME	26	25.24%	\$1,318,000	35.84%

GEOGRAPHIC DISTRIBUTION OF LOANS:

The geographic distribution of loans is essentially in the middle income category which was reasonably based on the bank's assessment area. However, the bank has not made any loans in one moderate income census tract for the Youngstown-Warren MSA (Sebring City in Mahoning County). This area is located northwest of the bank's Salem Office in Columbiana County. The lack of loans in this area may be due to the bank's limited advertising and competition from other financial institutions.

HMDA LOAN ORIGINATIONS BY CENSUS TRACTS

DESIGNATED YOUNGSTOWN MSA CENSUS TRACTS			
1995 - 1996	# OF LOANS	\$ OF LOANS	PERCENT
MIDDLE INCOME	97	\$3,068,000	100%
MODERATE INCOME	0	0	0

DESIGNATED CANTON MSA CENSUS TRACTS			
1995 - 1996	# OF LOANS	\$ OF LOANS	PERCENT
MIDDLE INCOME	103	\$3,677,000	100%

* Above charts do not include numbers listed as NA or indefinable in the HMDA report. Youngstown had one loan for \$13,000 and Canton had three loans totaling \$205,000.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

No violations of the anti-discrimination laws were identified. Bank policies and procedures prohibit discriminatory actions. The bank reviews denied applications to ensure appropriate decisions were made.

NOTE: 1990 Demographic and census/block numbering area data provided by CRA WIZ, PCI Services, Inc.