

PUBLIC DISCLOSURE

October 4, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens Bank
Certificate Number: 17258**

**201 Main Street
Warrenton, Georgia 30828**

**Federal Deposit Insurance Corporation
One Atlanta Center, Suite 1500
1201 West Peachtree Street, N. E.
Atlanta, Georgia 30309-3449**

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.

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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 **Citizens Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **October 4, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area. This rating is based on the following factors:

- The bank's average loan-to-deposit ratio reflects reasonable responsiveness to servicing its assessment area's credit needs.
- The bank extends a substantial majority of loans to customers within the bank's assessment area.
- The bank has a reasonable penetration of loans among borrowers of different income levels.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment area.

DESCRIPTION OF INSTITUTION

Citizens Bank is a commercial bank located in Warrenton, Georgia, and is owned by CB Financial Corporation, Warrenton. It has one branch office in Thomson, Georgia, which opened in April 1997. As of June 30, 1999, (the last reporting period for which data was available) the bank had total assets of \$43,148,000 with gross loans of \$20,872,000.

Citizens Bank offers most conventional loan and deposit products. The bank's primary loan product by dollar volume is real estate loans secured by 1-4 family residential properties, which represents 42 percent of gross loans. Consumer loans that are not secured by real estate and commercial loans that are not secured by real estate respectively represent 25 percent and 23 percent of loans. The bank does not offer any open-end type of loans.

Citizens Bank's competes for loans in Warrenton with The Advantage Group, a loan production office of Habersham Bank, Clarkesville, Georgia. The Warrenton office is located in the center of town and is reasonably accessible to most segments of the community. In Thomson, the bank primarily competes with First Bank of East Georgia and with branches of Regions Bank, Birmingham, Alabama, and SunTrust Bank, Augusta, National Association, Augusta, Georgia.

DESCRIPTION OF ASSESSMENT AREA

Citizens Bank has designated Warren County and McDuffie County as its assessment area. Warren County consists of approximately 404 square miles. The County is comprised of four Block Numbering Areas (BNAs); three are classified as moderate-income geographies, and one is classified as a middle-income geography. According to the 1990 census data, Warren County's 1990 population was 6,078. The U. S. Census Bureau estimated the county's 1998 population at 6,059. Warren County's unemployment rates for 1998 and the first quarter of 1999 were 14.7 percent and 10.8 percent, respectively, as compared to the State's rates of 4.2 percent and 4 percent for the respective periods. The 1997 per capita income for the County was \$15,978 as compared to \$23,882 for the State.

McDuffie County is adjacent to Warren County and is comprised of five census tracts; three are moderate-income tracts and two are middle-income tracts. McDuffie County is part of the Augusta-Aiken, Georgia-South Carolina, Metropolitan Statistical Area (MSA 0600). According to the 1990 census data, the County's 1990 population was 20,119. The estimated 1998 population was 21,770. McDuffie County's unemployment rates for 1998 and the first quarter of 1999 were 8 percent and 6.9 percent, respectively. The 1997 per capita income for the County was \$18,373.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Ratio

The bank's average loan-to deposit ratio for the 11 quarters subsequent to the last CRA evaluation is 60 percent, which indicates a reasonable responsiveness to area credit needs. The bank had a high of 63 percent at the December 31, 1996 reporting period and a low of 51 percent at the June 30, 1999 reporting period. The decline in the ratios is primarily attributed to increased competition in Warrenton and additional competition from the local banks in Thomson. The sharpest decrease in loans was from September 1998 to December 1998 when the loan production office of Habersham Bank began operation in Warrenton.

Lending in Assessment Area

Loans reported on the bank's Home Mortgage Disclosure Act – Loan Application Register (HMDA-LAR) for 1998 and year-to-date 1999 were used to evaluate the bank's lending within its assessment area. A substantial majority of the number and dollar volume of loans, 90 percent and 92 percent, respectively, were extended to customers within the bank's assessment area.

Lending to Borrowers of Different Incomes

The bank's distribution of borrowers reflects, given the demographics of the area, reasonable penetration among borrowers of different income levels.

INCOME LEVEL	PERCENT OF MEDIAN FAMILY INCOME (%)	PERCENT OF HOUSEHOLDS (%)
Low-Income	0 to less than 50	34.6
Moderate-Income	50 to less than 80	17.7
Middle-Income	80 to less than 120	16.3
Upper-Income	120 and Over	31.4

The above table depicts the percentages used to determine the family income levels and the number of households within each income levels based on 1990 census data. The borrower income levels for the following table were determined by applying the above percentages for median family income to (1) the estimated respective 1998 and 1999 median family income for non-metropolitan Georgia of \$36,400 and \$37,5000 and (2), the 1998 and 1999 median family income for MSA 0600 of \$42,700 and \$45,200, respectively.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(Continued)**

BORROWER INCOME LEVEL	NUMBER OF LOANS *	PERCENT (%)	DOLLAR AMOUNT OF LOAN (\$000)	PERCENT
Low-Income	21	17.9	523	8.4
Moderate-Income	25	21.4	660	10.5
Middle-Income	20	17.1	790	12.6
Upper-Income	51	43.6	4,292	68.5

* Income information was not readily available for four loans. These loans were not included in the analysis.

The analysis of the distribution of loans was based on the total number of HMDA loans within the assessment area rather than on each category of loans within the assessment because of the relatively small number of loans within each category. The dollar amount of loans to upper-income borrowers may appear to be out of line with the demographics of the area. However, borrowers in the upper-income levels usually qualify for much higher loan amounts and usually borrow higher dollar amounts than do low- and moderate-income borrowers. Therefore, the conclusions reached from the analysis were based more on the number of loans to borrowers of different income levels.

Geographic Distribution of Loans

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. Citizens Bank's assessment area is comprised of six moderate-income geographies and three middle-income geographies. According to the 1990 census data, 67 percent of the families lived in the moderate-income geographies and 33 percent lived within the middle-income geographies.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA
(Continued)**

The following table depicts the geographic distribution of loans within the assessment area's geographic income levels.

GEOGRAPHY INCOME LEVEL	NUMBER OF LOANS	PERCENT (%)	DOLLAR AMOUNT (\$000)	PERCENT (%)
Low-Income	0	0	0	
Moderate-Income	63	52.1	2,727	48.1
Middle-Income	58	47.9	2,940	51.9
Upper-Income	0	0	0	0

Response to CRA Complaints

A review of the bank's files did not find evidence of any CRA related complaints against the bank since the last CRA evaluation.

Compliance With Anti-Discrimination Laws and Regulations

The bank is in compliance with the substantive provisions of anti-discrimination laws and regulations. Technical violations of the Home Mortgage Disclosure Act were discovered during the concurrent compliance examination but did not indicate any unlawful discriminatory practices.