

CITY NATIONAL BANCSHARES CORPORATION
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE PURPOSE

The Audit Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) of City National Bancshares Corporation (the “Company”) to assist the Board in fulfilling its oversight responsibilities. It is anticipated that the Board of directors of the Company's subsidiary, City National Bank (the “Bank”) will appoint an audit committee of the board of the Bank (the “Bank Committee”) composed of the same members as the Committee; provided that if the membership of the Committee and the Bank Committee are the same, then the two Committees shall perform their functions together and the actions and minutes of either Committee shall serve as the actions and minutes of the other, unless either Committee determines (and sets forth in its minutes) that it should act separately; The Audit Committee's primary duties and responsibilities are to:

1. Monitor the integrity of the Company's financial reporting process and systems of internal accounting controls regarding finance, accounting and legal compliance;
2. Monitor the independence and performance of the Company's independent accountants and internal auditing department; and
3. Provide an avenue of communication between the independent accountants, management, the internal auditing department and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and also has direct access to the independent accountants as well as anyone else in the Company. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

AUDIT COMMITTEE COMPOSITION AND MEETINGS

Audit Committee members shall meet the requirements of the Nasdaq and shall be comprised of at least three directors as determined by the Board, each of whom shall be independent nonexecutive directors, free from any relationship that would interfere with the exercise of his or her independent judgment. All members of the Committee shall have a basic understanding of finance and accounting and be able to read and understand fundamental financial statements, and at least one member of the Committee shall have accounting or related financial management expertise.

Committee members shall be appointed by the Board. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee chair shall prepare/and or approve an agenda in advance of each meeting. The Committee should meet at least annually with management, the director of the internal auditing department, the independent accountants and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed. In addition, the Committee, or at least the chair, should communicate with management and the independent accountants quarterly to review the Company's financial statements and significant findings based upon the independent accountants' limited review procedures.

AUDIT COMMITTEE RESPONSIBILITIES AND DUTIES

REVIEW PROCEDURES

1. Review and reassess the adequacy of the Charter annually. Submit the Charter to the Board for approval and have the document published at least every three years in accordance with S.E.C. regulations;
2. Review the Company's audited annual financial statements prior to filing or distribution. The review should include discussion with management and independent accountants of significant issues regarding accounting principles, practices and judgments;
3. In consultation with management, the independent accountants and the internal auditor, consider the integrity of the Company's financial reporting process and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent accountants and the internal auditing department together with management's responses;
4. Review with financial management and the independent accountants the Company's quarterly financial results prior to the release of earnings and/or the Company's quarterly financial statements prior to filing or distribution. Discuss any significant changes to the Company's accounting principles and any items required to be communicated to by the independent accountants in accordance with Statement of Auditing Standards ("SAS") No. 61. The chair of the Committee may represent the entire Committee for purposes of this review;

INDEPENDENT ACCOUNTANTS

5. The independent accountants are ultimately accountable to the Audit Committee and the Board of Directors. The Committee shall review the independence and performance of the independent accountants and annually recommend to the Board of Directors the appointment of the independent accountants or approve any discharge of accountants when circumstances Warrant;
6. Approve the fees and other significant compensation to be paid to the independent accountants;
7. On an annual basis, the Committee should review and discuss with the independent accountants all significant relationships they have with the Company that could impair the accountants' independence;
8. Review the independent accountants' audit plan, including scope, staffing, locations, reliance upon management and internal audit and general audit approach;
9. Prior to releasing the year-end earnings, discuss the results of the audit with the independent accountants. Discuss certain matters required to be communicated to audit committees in accordance with SAS No. 61;
10. Consider the independent accountants' judgments about the quality and appropriateness of the Company's accounting principles as applied in the financial reporting;

INTERNAL AUDITING DEPARTMENT AND LEGAL COMPLIANCE

11. Review the budget, audit plan, changes in plan, activities, organizational structure and qualifications of the internal auditing department, as needed.
12. Review the appointment, performance and replacement of the senior audit executive.
13. Review significant reports prepared by the internal auditing department together with management's response and follow-up to these reports;
14. On an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries received from regulators or governmental agencies;

OTHER AUDIT COMMITTEE RESPONSIBILITIES

15. Annually prepare a report to stockholders as required by the S.E.C. This report should be included in the Company's annual proxy;
16. Perform any other activities consistent with this Charter, the Company's by-laws and governing by-laws, as the Committee or the Board deems necessary or appropriate;
17. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the foregoing activities;

OTHER OPTIONAL CHARTER DISCLOSURES

18. Establish, review and update periodically the Code of Conduct and ensure that management has established a system to enforce this code;
19. Periodically perform a self-assessment of the Committee's performance;
20. Review financial and accounting personnel succession planning within the Company; and
21. Annually review policies and procedures as well as audit results associated with directors' and officers' expense accounts and perquisites. Annually review a summary of directors' and officers' related party transactions and potential conflicts of interest.