

PUBLIC DISCLOSURE

November 27, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Corn City State Bank
RSSD# 560214

210 West Main Street
Deshler, Ohio 43516

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, Ohio 44101-1387

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.

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

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ration is reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs;
- The majority of loans and other lending-related activities in the assessment area;
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- Distributions of loans to borrowers reflect a reasonable penetration among individuals of different income levels (including low- and moderate-income) and;
- No CRA-related complaints were filed against the bank since the prior CRA examination.

The prior CRA examination (November 12, 2002) resulted in a "Satisfactory" performance rating.

SCOPE OF EXAMINATION

The evaluation of The Corn City State Bank's ("Corn City") CRA performance covered the period from January 2005 through September 2006 and was performed using the interagency small bank examination procedures. Under this examination method, the bank is evaluated by considering lending activity throughout its assessment area.

The lending test includes an analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside the bank's assessment areas;
- The geographic distribution of loans in the assessment area, including low- and moderate-income census tracts;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers; and
- The bank's record of taking action in response to written complaints about its performance in helping to meet the credit needs in its assessment areas.

Loans products evaluated included motor vehicle and mortgage loans. Motor vehicle loans accounted for 75.1% of the loan volume and 28.4% of loans by dollar amount originated during this review period. Mortgage loans accounted for 28.9% of the loan volume and 71.6% of loans by dollar amount originated during this review period. As a result, motor vehicle loans received the greatest weigh by volume, while mortgage loans the greatest weight by dollar amount.

The distribution of loans to borrowers of different income levels is based on 2005 adjusted median family income data made available by HUD.

The bank's borrower income distribution with respect to consumer loans was assessed by comparing the percentage of loans made to borrowers in each income category (low-, moderate-, middle-, and upper-income) to the percentage of households in each income category.

The bank's borrower income distribution with respect to mortgage loans was assessed by comparing the percentage of loans made to borrowers in each income category to the percentage of families in each income category. In addition, although poverty level is determined by income and family size, a larger proportion of poverty level families are in the low-income category and, to some extent, in the moderate-income category based on a national average. Further, poverty levels can impact middle- and upper-income families as well, but not as significantly as low- and moderate-income families. It is difficult for borrowers at poverty level to qualify for loans because their income is so limited. Poverty level is taken into consideration in the performance context and income categories and percentage of families are taken into consideration in the analysis. Within the bank's assessment area, 5.4% of the families are below the poverty level.

DESCRIPTION OF INSTITUTION

Corn City is a full service retail banking institution, is not affiliated with any bank holding company, and has no subsidiaries. The bank is in Deshler, Ohio. As of September 30, 2006, Corn City had total assets of \$45.1 million, which is an increase of approximately 6.7% since the previous examination in November 2002.

The bank has one branch location and one cash only ATM. Both are in Deshler, Ohio, in middle-income geographies.

The bank primarily is a retail lender offering a variety of deposit and credit products. However, the most significant loan growth by dollar amount since June 30, 2002 is real estate lending, which grew 17.7%. All other loan categories experienced decreases in dollar amounts since June 30, 2002. Commercial and industrial lending had an 87.3% decrease in lending and consumer lending had a 6.6% decrease. Agricultural loans also had a decrease in lending of 2.7%.

Loans constitute approximately 61.2% of total assets, with residential real estate loans accounting for 87.9% of the loan portfolio. The remainder of the loan portfolio consists of consumer loans, agricultural, and commercial loans representing 10.4%, 1.2%, and 0.16%, respectively. The following chart represents the bank's loan portfolio as of September 30, 2006.

Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	546	1.98
Secured by Farmland	3,442	12.47
1-4 Family Residential	17,933	64.95
Multi-Family (5 or more) Residential	459	1.66
Commercial	1,979	7.17
Total Real Estate Loans	24,359	88.22
Commercial and Industrial	26	0.09
Agricultural	292	1.06
Consumer	2,898	10.50
All Other Loans	36	0.13
Total (gross)	27,611	100

There are no legal or financial constraints preventing Corn City from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

DESCRIPTION OF NONMETROPOLITAN STATISTICAL AREA OHIO

For purposes of CRA, Corn City has designated two census tracts in Henry County, one census tract in Putnam County, and two census tracts in Wood County as its assessment area. The census tracts in Wood County are part of the Toledo MSA 45780. The Toledo MSA 45780 consists of Fulton, Lucas, Ottawa, and Wood County; however only the two census tracts in Wood County are included within the bank's assessment area. The bank does not have any branches in the Toledo MSA 45780, so the entire assessment area is in the Nonmetropolitan Statistical Area Ohio. The entire assessment area is in the State of Ohio. There are five census tracts, which are all middle-income census tracts.

Population

According to the 2000 U.S. Census, the population within Corn City's assessment area is primarily White not-Hispanic at 91.15% and Hispanic Origin at 7.66%, with the total minority population of 8.85%. Of the assessment area's population, 28.73% are age 17 years and younger, 7.96% are age 18 to 24 years, 49.36% are age 25 to 64 years, and 13.95% are age 65 and older.

Income Characteristics

Based on the 2000 U.S. Census, the median family income for the bank's assessment area is \$47,353 compared to the State of Ohio's median family income of \$50,408.

Additionally, there are 7,019 households and 5,324 (75.85%) are designated as families with 15.21% low-income, 19.38% moderate-income, 27.91% middle-income, and 37.49% upper-income. Of these, 287 families (5.39%) have incomes below the poverty level. Since most of the families in the assessment area are middle- and upper-income families, the majority of lending would be expected in these income categories.

Housing

According to the 2000 U.S. Census, there were 7,425 housing units in the assessment area, of which 86.66% were one-to-four family units. Additionally, 77.8% of the housing units in this assessment area were owner-occupied, while 16.23% are rental units and 5.97% were vacant. The median age of the housing stock is 54 years. U.S. Census data indicated that the assessment area's median housing value is \$79,073.

The 2000 U.S. Census data revealed that all of the housing units are in middle-income census tracts since the assessment area is comprised of only middle-income geographies. As a result, all of the mortgage lending would be expected in middle-income census tracts.

Economics

The Ohio Department of Development¹ indicates that manufacturing, government, and retail trade are the largest industries in the assessment area based on 2003 average annual employment.

According to the Job and Family Services², unemployment rates as of October 2006 are:

Henry County	4.7%
Putnam County	4.1%
Wood County	4.6%

The US unemployment rate was 4.1% and the State of Ohio unemployment rate was 4.7%. These statistics indicate that average unemployment in the counties within the bank's assessment area mirror the average State of Ohio unemployment rate.

The demographic table that follows illustrates the bank's entire assessment area.

¹ www.odod.state.oh.us

² www.lmi.state.oh.us

Combined Demographics Report

The Corn City State Bank

Analysis Year: 2006

Assessment Area(s): Non-MSA OH & MSA 45780

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
Low	0	0.0	0	0.0	0	0.0	810	15.2
Moderate	0	0.0	0	0.0	0	0.0	1,032	19.4
Middle	5	100.0	5,324	100.0	287	5.4	1,486	27.9
Upper	0	0.0	0	0.0	0	0.0	1,996	37.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5	100.0	5,324	100.0	287	5.4	5,324	100.0

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	0	0	0.0	0.0	0	0.0	0	0.0
Middle	7,425	5,777	100.0	77.8	1,205	16.2	443	6.0
Upper	0	0	0.0	0.0	0	0.0	0	0.0
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	7,425	5,777	100.0	77.8	1,205	16.2	443	6.0

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	489	100.0	417	100.0	43	100.0	29	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4895	100.0	417	100.0	43	100.0	29	100.0
Percentage of Total Businesses			85.3		8.8		5.9	

	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
Middle	193	100.0	192	100.0	1	100.0	0	0.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	193	100.0	192	100.0	1	100.0	0	0.0
Percentage of Total Farms			99.5		0.5		0.0	

There is much competition throughout the bank's assessment area. There are 22 financial institutions insured by the FDIC operating 82 offices within the counties of the bank's footprint³. Statistics as of June 30, 2006, indicate Corn City ranked 15th with 1.42% of the market share of deposits within the counties it serves. Sky Bank ranked first with 29.2% of the market share of deposits with 23 offices, Fifth Third Bank ranked second with 10.5% of the market share with 7 offices, while Huntington NA ranked third with 8.8% market share of deposits with 5 offices.

Community Contacts

One community contact interview was conducted and the community needs expressed by the community contact are being fulfilled.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the numbers of quarters.

Corn City's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The ratio has averaged 68% over the past 17 quarters of operation and is above the peer group average of 61.75%⁴. The bank had a steady increase in loan volume through the 17 quarters and fluctuations in deposit volume causing slight variations in the ratios through this period.

The following table shows Corn City's quarterly loan-to-deposit ratios for 17 quarters since the previous evaluation, along with the average loan-to-deposit ratio for the same period.

³ FDIC/OTS Summary of Deposits Web site: www.fdic.gov

⁴ Corn City's peer group consists of all insured commercial banks having assets less than or equal to \$50 million in a non-metro area with one full service office.

The Corn City State Bank Loan to Deposit Ratios			
As of Date	New Loans(000s)	Total Deposits (000s)	Ratio
September 30, 2006	27,376	36,314	75.39
June 30, 2006	27,359	36,812	74.32
March 31, 2006	27,104	36,604	74.05
December 31, 2005	26,637	38,555	69.09
September 30, 2005	26,341	37,811	69.66
June 30, 2005	25,125	38,653	65.00
March 31, 2005	25,167	38,264	65.77
December 31, 2004	25,229	39,102	64.52
September 30, 2004	25,319	37,148	68.16
June 30, 2004	25,290	37,969	66.61
March 31, 2004	25,016	38,707	64.63
December 31, 2003	25,467	40,724	62.54
September 30, 2003	25,441	38,712	65.72
June 30, 2003	24,627	37,660	65.39
March 31, 2003	24,998	37,176	67.24
December 31, 2002	24,777	37,574	65.94
September 30, 2002	25,037	34,808	71.93
Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation			68.00

Lending in the Assessment Area

The bank's mortgage and motor vehicle loans were analyzed to determine the volume of lending inside and outside the bank's assessment area. A majority of the bank's loans were made inside its assessment area.

The table below depicts Corn City's volume of loans extended inside and outside of its assessment area between January 2005 and September 2006.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Motor Vehicle	145	83.8	1,452	83.7	28	16.2	282	16.3
Mortgage	48	66.7	3,664	52.2	24	33.3	3,351	47.8
Total	193	78.8	5,116	58.5	52	21.2	3,633	41.5

Geographic Distribution of Lending

A geographic distribution analysis of the bank's loans would not be meaningful and was not completed, as all census tracts are middle-income.

Borrower Distribution of Lending

Corn City has a reasonable penetration of loans to borrowers of different income levels.

Motor Vehicle

Corn City's distribution of motor vehicle lending by income level of borrowers reflects a reasonable penetration among individuals of different incomes, especially to low-income and moderate-income levels. The bank originated 145 motor vehicle loans inside its assessment area during this evaluation period.

The bank made 43.4% of its motor vehicle loans to low-income borrowers, while 16.7% of the households in the assessment area are low-income individuals. Based on this analysis, the bank's motor vehicle loans to low-income borrowers are excellent. The bank made 28.3% of its motor vehicle loans to moderate-income borrowers, while 16.6% of households in the assessment area are moderate-income individuals. Based on this analysis, the bank's motor vehicle loans to moderate-income borrowers are excellent. The bank made 15.2% of its motor vehicle loans to middle-income borrowers, while 22% of the households in the assessment area are middle-income individuals. The bank made 10.3% of its motor vehicle loans to upper-income, while 44.8% of the households in the assessment area are upper-income individuals.

The bank made 2.8% of its motor vehicle loans to unknown-income borrowers.

Mortgage

Corn City's distribution of mortgage lending by income level of borrowers reflects a reasonable penetration among individuals of different incomes. The bank originated 48 mortgage loans inside its assessment area during this evaluation period.

The bank made 12.5% of its mortgage loans to low-income borrowers, while 15.2% of the families living in the assessment area are low-income individuals. Based on this analysis, the bank's mortgage loans to low-income borrowers is good. The bank made 6.3% of its mortgage loans to moderate-income borrowers, while 19.4% of the families living in the assessment area are moderate-income individuals. Based on this analysis, the bank's mortgage loans to moderate-income borrowers is poor. The bank made 27.1% of its mortgage loans to middle-income borrowers, while 28% of the families living in the assessment area are middle-income individuals. The bank made 54.2% of its mortgage loans to upper-income borrowers, while 37.5% of the families living in the assessment area are upper-income individuals.

Response to Consumer Complaints

No CRA-related complaints were filed against Corn City during this evaluation period.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation period.

**Loan Distribution Table
 The Corn City State Bank
 For Loan Years From 2004
 Assessment Area/Group: Non-MSA OH & MSA 45780**

Income Categories	LOANS							
	By Tract Income				By Borrower Income			
	Mortgage							
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Low	0	0.0	0	0.0	6	12.5	304	8.3
Moderate	0	0.0	0	0.0	3	6.3	231	6.3
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>9</i>	<i>18.8</i>	<i>535</i>	<i>14.6</i>
Middle	48	100.0	3,664	100.0	13	27.1	738	20.1
Upper	0	0.0	0	0.0	26	54.2	2,391	65.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Tract Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<i>Total</i>	<i>48</i>	<i>100.0</i>	<i>3,664</i>	<i>100.0</i>	<i>48</i>	<i>100.0</i>	<i>3,664</i>	<i>100.0</i>
	Motor Vehicle							
Low	0	0.0	0	0.0	63	43.4	515	35.5
Moderate	0	0.0	0	0.0	41	28.3	355	24.4
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0</i>	<i>1,452</i>	<i>100.0</i>	<i>104</i>	<i>71.7</i>	<i>870</i>	<i>59.9</i>
Middle	145	100.0	0	0.0	22	15.2	270	18.6
Upper	0	0.0	0	0.0	15	10.3	269	18.5
Unknown	0	0.0	0	0.0	4	2.8	43	3.0
Tract Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<i>Total</i>	<i>145</i>	<i>100.0</i>	<i>1,452</i>	<i>100.0</i>	<i>145</i>	<i>100.0</i>	<i>1,452</i>	<i>100.0</i>
	Loan Totals							
Low	0	0.0	0	0.0	69	35.8	819	16.0
Moderate	0	0.0	0	0.0	44	22.8	586	11.5
<i>Low/Moderate Total</i>	<i>0</i>	<i>0.0</i>	<i>0</i>	<i>0.0</i>	<i>113</i>	<i>58.5</i>	<i>1,405</i>	<i>27.5</i>
Middle	193	100.0	5,116	100.0	35	18.1	1,008	19.7
Upper	0	0.0	0	0.0	41	21.2	2,660	52.0
Unknown	0	0.0	0	0.0	4	2.1	43	0.8
Tract Unknown	0	0.0	0	0.0	0	0.0	0	0.0
<i>Total</i>	<i>193</i>	<i>100.0</i>	<i>5,116</i>	<i>100.0</i>	<i>193</i>	<i>100.0</i>	<i>5,116</i>	<i>100.0</i>

CRA APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract or a block numbering area delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Metropolitan area (MA): Any primary metropolitan statistical area ("PMSA"), metropolitan statistical area ("MSA"), or consolidated metropolitan area ("CMSA"), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of geography.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of geography

Multifamily: Refers to a residential structure that contains five or more units.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loan(s) to business (es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are secured by either nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of geography.

Corn City State Bank

Assessment Area: Non-MSA OH/MSA 45780

Loan Year: 2005 & 2006

