

# **PUBLIC DISCLOSURE**

June 25, 2007

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Commercial and Savings Bank of Millersburg, Ohio  
RSSD# 189129

91 North Clay Street  
Millersburg, Ohio 44654

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, OH 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 Lending Test is rated: "Satisfactory."**

**The Community Development Test is rated: "Satisfactory."**

The major factors and criteria contributing to this rating include:

- A reasonable loan-to-deposit ratio, given the bank's size, financial condition, and assessment area credit needs;
- A substantial majority of loans and other lending-related activities are in the assessment area;
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- Reasonable penetration among individuals of different income (including low- and moderate-income individuals) levels and businesses of different sizes;
- There have been no complaints filed against the bank since the previous CRA examination; and,
- The bank's community development performance demonstrates adequate responsiveness to community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

The previous CRA examination (June 20, 2005) resulted in a rating of "Satisfactory." At the previous examination, The Commercial and Savings Bank of Millersburg, Ohio was evaluated under the large bank performance standards.

### **SCOPE OF EXAMINATION**

The CRA public evaluation is based on the level of the bank's lending within its assessment area, including the distribution to borrowers of different income levels and to small businesses of different revenue sizes, and is based on loans originated from January 1, 2006 to December 31, 2006. In addition, the bank's community development activity from June 21, 2005 through June 25, 2007 was evaluated using the interagency intermediate small bank examination procedures. Under this examination method, the bank is evaluated by considering lending and community development activity. The lending test includes the analysis of:

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

The loan products evaluated included consumer, small business loans, and mortgages. Consumer

loans are made up home equity, motor vehicle, other secured, and other unsecured loan types. Consumer loans accounted for 62.10% of total loan volume for loans originated during this review period. Small business loans are made up of loans to small business and small business loans secured by real estate. Small business loans accounted for 20.94% of total loan volume for loans originated for this review period. Mortgages are made up of purchases and refinances. Mortgage loans accounted for 16.95% of total loan volume for loans originated for this review period. As a result, consumer loans received the greatest weight, followed by small business and then mortgage loans.

The bank has 44 census tracts in its assessment area. There are no low-income and only four-income census tracts. The bank did not lend in these moderate income tracts; however, there are no branches in these geographies and the tracts are a considerable distance from the nearest office. Since there are no low-income tracts in the assessment area and no lending in the moderate-income tracts, the geographic distribution analysis was not conducted.

The borrower distribution of loans to borrowers of different income levels is based on 2006 adjusted median family income data made available by the U.S. Department of Housing and Urban Development.

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 distribution with respect to small business loans, including small business loans secured by real estate, was assessed by comparing the percentage of loans made to businesses made in each revenue category (less than or equal to \$1 million or greater than \$1 million) to the percentage of total businesses in each revenue 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 of families are found in the low-income category and, to some extent, in the moderate-income category and is 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 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, 7.06% of the families are below the poverty level.

The bank is not a Home Mortgage Disclosure Act reporter because it does not have any offices in a metropolitan statistical area.

The community development test included an analysis of the following factors:

- The number and dollar amount of community development loans;
- The number and dollar amount of qualified investments
- The extent to which the bank provides community development services; and
- The bank’s responsiveness to community development needs of its assessment areas through community development loans, qualified investments, and community development services.

### DESCRIPTION OF INSTITUTION

The Commercial and Savings Bank of Millersburg, Ohio (“Commercial & Savings.”) is owned by CSB Bancorp, Inc. The holding company also owns CSB Investment Services, LLC, an insurance company. All of these entities are located in the northern Ohio village of Millersburg. Commercial & Savings had assets of \$321.5 million as of March 31, 2007, which is an increase of 3.5% since the previous examination in June 2005.

Commercial & Savings is a full-service retail bank offering deposit accounts and consumer, real estate, and commercial loans. The most significant loan growth by dollar amount since June 30, 2005 is real estate lending, which grew by 16.53%. Commercial and industrial, agricultural, and consumer categories experienced decreases in dollar amounts since June 30, 2005. Commercial and industrial lending had a 41.31% decrease in lending and consumer lending had a 30.15% decrease in lending. Agricultural lending also had a decrease in lending of 16.39%.

Loans constitute approximately 73.36% of total assets, with residential real estate loans accounting for 86.85% of the loan portfolio. The remainder of the loan portfolio consists of commercial, consumer, and agricultural loans representing 8.28%, 3.59%, and 0.54% respectively. The following chart represents the bank’s loan portfolio as of March 31, 2007.

| Loan Type                            | Dollar Amount (000’s) | Percent of Total Loans |
|--------------------------------------|-----------------------|------------------------|
| Construction and Land Development    | 8,341                 | 3.54                   |
| Secured by Farmland                  | 5,869                 | 2.49                   |
| 1-4 Family Residential               | 108,255               | 45.91                  |
| Multi-Family (5 or more) Residential | 5,064                 | 2.15                   |
| Commercial                           | 77,283                | 32.77                  |
| <b>Total Real Estate Loans</b>       | <b>204,812</b>        | <b>86.85</b>           |
| Commercial and Industrial            | 19,541                | 8.28                   |
| Agricultural                         | 1,270                 | 0.54                   |
| Consumer                             | 8,460                 | 3.59                   |
| All other Loans                      | 1,932                 | 0.82                   |
| Less: Unearned Income                | 197                   | 0.08                   |
| <b>Total (gross)</b>                 | <b>235,818</b>        | <b>100.00</b>          |

Commercial & Savings has 11 offices, one cash-only ATM, and one loan production office. Nine of the offices also have ATMs. The main office and seven branches are in Holmes County. The cash-only ATM is also in Holmes County. Two offices are in Wayne County, along with the

loan production office. There is also one office in Tuscarawas County.

On June 22, 2007, the main office located at 6 West Jackson Street Banking Center was consolidated into the 91 South Clay Street location. Over a period of years, the bank relocated all lending, trust, investment, and administrative services, which formerly occupied the 6 West Jackson Street office, to the corporate office at 91 North Clay Street. This led to a decline in customer usage of the 6 West Jackson Street location and the facility became underutilized by the bank and customers. The 6 West Jackson Street Center and 91 North Clay Street location are approximately one block apart in downtown Millersburg. The consolidation should not adversely affect the customers served.

There are no legal or financial constraints preventing Commercial & Savings 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**

Commercial & Savings has designated its assessment area as all of Holmes County, and portions of Wayne, Tuscarawas, Coshocton, and Stark Counties, which are in the State of Ohio. Coshocton, Homes, Tuscarawas, and Wayne Counties are not located in a metropolitan statistical area. The two tracts in Stark County are part of the Canton-Massillon Metropolitan Statistical Area; however, there are no offices in this county and the two tracts are contiguous to Holmes, Wayne, and Tuscarawas Counties.

The overall assessment area is comprised of 44 tracts and is distributed as follows:

|                 |    |
|-----------------|----|
| Low-income      | 0  |
| Moderate-income | 4  |
| Middle-income   | 37 |
| Upper-income    | 3  |

Since most of the tracts in the assessment area are middle-income tracts, a majority of the lending would be expected in middle-income tracts.

There is much competition throughout the bank's assessment area. There are 26 financial institutions insured by the FDIC operating 118 offices within the counties of the bank's footprint<sup>1</sup>. Stark County is not included, since only two census tracts are included in the bank's assessment area. Statistics as of June 30, 2006, indicate Commercial & Savings rated 5th of 26 institutions with 6.79% of the market share of deposits within the counties it serves. National City Bank ranked first with 18.01% of the market share deposits with 18 offices, Huntington National Bank ranked second with 10.10% of the market share with six offices, while JPMorgan Chase Bank ranked third with 9.13% market share with 10 offices.

### **Population**

According to the 2000 U.S. Census, the population within Commercial & Savings' assessment area is primarily White not-Hispanic at 96.70% and Black not-Hispanic at 1.39%, with the total minority population of 3.30%. Of the assessment area's population, 28.43% are age 17 years and younger; 9.72% are age 18 to 24 years; 48.78% are age 25 to 64; and 13.07% are age 65 and older.

### **Income Characteristics**

Based on the 2000 U.S. Census, the median household income for the bank's assessment area is \$38,077 compared to the State of Ohio's median household income of \$40,956.

Additionally, there are 67,197 households and 49,306 (73.38%) are designated as families with 16.12% low-income; 19.90% moderate-income; 25.10% middle-income; and 38.88% upper-income. Of these, 3,481 (7.06%) 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 are 71,127 housing units in the assessment area, of which 83.93% were one-to-four family units. Additionally, 69.57% of the housing units in this assessment area were owner-occupied, while 24.78% are rental units and 5.65% were vacant. The median age of the housing stock is 35 years. U.S. Census data indicated that the assessment area's median housing value is \$99,037.

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

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<sup>1</sup> FDIC/OTS Summary of Deposits Web site: [www.fdic.gov](http://www.fdic.gov)

### **Labor – Employment – Economy**

The Ohio Department of Development<sup>2</sup> indicates that manufacturing, government, retail trade, and healthcare are the largest industries in the assessment area based on 2003 average annual employment.

According to the Ohio Department of Development, major employers in Holmes County are Alco Industries, Case Foods, Collins & Alkman Corp., and East Holmes Local Board of Education. In Wayne County, the major employers are the College of Wooster, Frito-Lay, JM Smucker, LuK, and the State of Ohio. The major employers in Tuscarawas County are Allied Machine & Engineering, Dover City Board of Education, JLG Industries, New Philadelphia Board of Education, and Sanwa Shutter. In Coshocton County, the major employers are AK Steel, Kraft Foods, American Electric Power, Coshocton City Board of Education, and Coshocton County Memorial Hospital. In Stark County, the major employers are Aultman Hospital, Canton City Board of Education, General Electric, Maytag, and Mercy Medical Center.

According to the Job and Family Services,<sup>3</sup> unemployment rates as of May 2007 are:

|            |       |
|------------|-------|
| Holmes     | 3.70% |
| Wayne      | 4.60% |
| Tuscarawas | 5.00% |
| Stark      | 5.60% |
| Coshocton  | 7.00% |

Except for Holmes County, the unemployment rates were higher than the national rate of 4.30%. Coshocton County was the only county that exceeded the statewide rate of 5.30%.

The bank's assessment area is particularly unique in that it is home to the largest Amish settlement in the world, with an estimated 31,000 living in Holmes and Wayne County<sup>4</sup> alone. As such, the Amish comprise approximately 20% of the population and the population is continuing to grow. Additionally, many Amish families live in the surrounding counties, including Stark, Tuscarawas, and Coshocton. Although beliefs vary by orders, all Amish adopt a "plain" lifestyle that eschews modern or worldly amenities, limits education to the eighth grade, plain dress, religious services are held in homes rather than in church buildings, and focuses on taking care of its own community. The most conservative of the Amish orders, the Swartzentruber, live an extremely simple lifestyle with a limited income. As a result, although meeting the criteria as low- or moderate-income, many of these families have limited incomes by religious choice.

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<sup>2</sup> [www.odod.state.oh.us](http://www.odod.state.oh.us)

<sup>3</sup> [www.lmi.state.oh.us](http://www.lmi.state.oh.us)

<sup>4</sup> [www.amish-heartland.com](http://www.amish-heartland.com)

Lending opportunities within the Amish community are somewhat limited for area financial institutions, not only because the Amish do not own automobiles or personal items that are often purchased on credit, but also because the Amish have their own means of providing financial assistance to its community. The Amish Aid Fund is a source of funding to help Amish families respond to emergency needs ranging from illness or other medical needs to losses from fire or farm losses.<sup>5</sup> Members of more than 100 Amish congregations participate in maintaining the Fund through private donations and fundraisers. The Fund is administered by a trustee designated by the bishop. Recipients are generally required to pay the first \$2,000 of their expenses out of their own pocket with the remaining monies, up to a specified maximum, provided by the Fund. Once the emergency is addressed, the family repays the Fund. The Fund trustee also offers financial counseling and can help families develop a budget and manage their bills.

As a result of growing interest in the Amish community and their culture, tourism plays a major role in the area's economy. Additionally, much of the light industry, such as woodworking, further supports tourism.

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

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<sup>5</sup> [www.amish-heartland.com](http://www.amish-heartland.com)

## Combined Demographics Report

Commercial and Savings Bank

Analysis Year: 2006

Assessment Area(s): Non-MSA OH

| Income Categories                      | Tract Distribution               |                               | Families by Tract Income                      |              | Families < Poverty Level as % of Families by Tract |              | Families by Family Income   |              |
|--|----------------------------------|-------------------------------|---|--------------|--|--------------|-----------------------------|--------------|
|  | #                                | %                             | #   | %            | #  | %            | #                           | %            |
| Low-income                             | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 7,950                       | 16.1         |
| Moderate-income                        | 4                                | 9.1                           | 4,234   | 8.6          | 498  | 11.8         | 9,814                       | 19.9         |
| Middle-income                          | 37                               | 84.1                          | 42,046  | 85.3         | 2,871  | 6.8          | 12,374                      | 25.1         |
| Upper-income                           | 3                                | 6.8                           | 3,026   | 6.1          | 112  | 3.7          | 19,168                      | 38.9         |
| Unknown-income                         | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| <b>Total Assessment Area</b>           | <b>44</b>                        | <b>100.0</b>                  | <b>49,306</b>                                 | <b>100.0</b> | <b>3,481</b>                                       | <b>7.1</b>   | <b>49,306</b>               | <b>100.0</b> |
|  | <b>Housing Units by Tract</b>    | <b>Housing Types by Tract</b> |   |              |  |              |                             |              |
|  |                                  | <b>Owner-Occupied</b>         |   |              | <b>Rental</b>                                      |              | <b>Vacant</b>               |              |
|  |                                  | #                             | %   | %            | #  | %            | #                           | %            |
| Low-income                             | 0                                | 0                             | 0.0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| Moderate-income                        | 6,978                            | 4,151                         | 8.4   | 59.5         | 2,390  | 34.3         | 437                         | 6.3          |
| Middle-income                          | 59,814                           | 42,039                        | 85.0  | 70.3         | 14,405   | 24.1         | 3,370                       | 5.6          |
| Upper-income                           | 4,335                            | 3,295                         | 6.7   | 76.0         | 827  | 19.1         | 213                         | 4.9          |
| Unknown-income                         | 0                                | 0                             | 0.0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| <b>Total Assessment Area</b>           | <b>71,127</b>                    | <b>49,485</b>                 | <b>100.0</b>                                  | <b>69.6</b>  | <b>17,622</b>                                      | <b>24.8</b>  | <b>4,020</b>                | <b>5.7</b>   |
|  | <b>Total Businesses by Tract</b> |                               | <b>Businesses by Tract &amp; Revenue Size</b> |              |  |              |                             |              |
|  |                                  |                               | <b>Less Than or = \$1 Million</b>             |              | <b>Over \$1 Million</b>                            |              | <b>Revenue Not Reported</b> |              |
|  |                                  |                               | #   | %            | #  | %            | #                           | %            |
| Low-income                             | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| Moderate-income                        | 575                              | 8.6                           | 494   | 8.4          | 68   | 9.5          | 13                          | 9.4          |
| Middle-income                          | 5,796                            | 86.4                          | 5,037   | 86.1         | 637  | 88.7         | 122                         | 87.8         |
| Upper-income                           | 337                              | 5.0                           | 320   | 5.5          | 13   | 1.8          | 4                           | 2.9          |
| Unknown-income                         | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| <b>Total Assessment Area</b>           | <b>6,708</b>                     | <b>100.0</b>                  | <b>5,851</b>                                  | <b>100.0</b> | <b>718</b>   | <b>100.0</b> | <b>139</b>                  | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |                               | <b>87.2</b>                                   |              | <b>10.7</b>  |              | <b>2.1</b>                  |              |
|  | <b>Total Farms by Tract</b>      |                               | <b>Farms by Tract &amp; Revenue Size</b>      |              |  |              |                             |              |
|  |                                  |                               | <b>Less Than or = \$1 Million</b>             |              | <b>Over \$1 Million</b>                            |              | <b>Revenue Not Reported</b> |              |
|  |                                  |                               | #   | %            | #  | %            | #                           | %            |
| Low-income                             | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| Moderate-income                        | 23                               | 3.6                           | 23  | 3.6          | 0  | 0.0          | 0                           | 0.0          |
| Middle-income                          | 590                              | 92.5                          | 586   | 92.4         | 3  | 100.0        | 1                           | 100.0        |
| Upper-income                           | 25                               | 3.9                           | 25  | 3.9          | 0  | 0.0          | 0                           | 0.0          |
| Unknown-income                         | 0                                | 0.0                           | 0   | 0.0          | 0  | 0.0          | 0                           | 0.0          |
| <b>Total Assessment Area</b>           | <b>638</b>                       | <b>100.0</b>                  | <b>634</b>                                    | <b>100.0</b> | <b>3</b>   | <b>100.0</b> | <b>1</b>                    | <b>100.0</b> |
| <b>Percentage of Total Farms:</b>      |                                  |                               | <b>99.4</b>                                   |              | <b>0.5</b>   |              | <b>0.2</b>                  |              |

## **Community Contacts**

One community contact was conducted in conjunction with this evaluation. The organization is a public agency created to assist with economic development in the community. Needs identified by this agency included financing programs for small businesses.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

### **Lending Test**

The bank is rated satisfactory under the lending test.

At the time of this analysis, 2006 aggregate lending data was unavailable; therefore, the lending analysis was based on the bank's lending compared to the demographic proxies of the assessment area.

### ***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.

Commercial & Savings' loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The ratio has averaged 88.40% over the past eight quarters of operation and is above the peer group average of 86.36%.<sup>6</sup> The bank had an increase in loan volume through the eight quarters and fluctuations in deposit volume causing slight variations in the ratios through this period.

The following table shows Commercial & Savings' quarterly loan-to-deposit ratios for eight quarters since the previous evaluation, along with the average loan-to-deposit ratio for the same period for the bank and the peer.

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<sup>6</sup> Commercial & Savings' peer group consists of all insured commercial banks having assets between \$300 million and \$1 billion.

| <b>CSB Loan-to-Deposit Ratios</b>  |                   |                        |                |                |
|--|-------------------|------------------------|----------------|----------------|
| As of Date   | Net Loans(\$000s) | Total Deposits (%000s) | Bank Ratio (%) | Peer Ratio (%) |
| March 31, 2007   | 233,163           | 254,480                | 91.62          | 86.56          |
| December 31, 2006  | 229,825           | 261,970                | 87.73          | 86.83          |
| September 30, 2006   | 227,295           | 249,687                | 91.03          | 87.60          |
| June 30, 2006  | 225,644           | 243,828                | 92.54          | 87.00          |
| March 31, 2006   | 218,653           | 249,039                | 87.90          | 85.54          |
| December 31, 2005  | 212,574           | 257,024                | 82.71          | 85.43          |
| September 30, 2005   | 216,133           | 256,855                | 84.15          | 85.89          |
| June 30, 2005  | 221,065           | 246,928                | 89.53          | 86.00          |
| <b>Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation</b> |                   |                        | <b>88.40</b>   | <b>86.36</b>   |

***Lending in the Assessment Area***

The following table illustrates that the percentage of loans made inside the assessment area was approximately 92.00%. This table depicts that a substantial majority of loans, as measured by the number of loans, were originated inside the bank's assessment area. Further, a substantial majority of loans, taken as dollar amount, were also made inside the assessment area.

| <b>Lending Inside and Outside the Assessment Area</b> |               |             |                   |             |                |             |                   |             |
|---|---------------|-------------|-------------------|-------------|----------------|-------------|-------------------|-------------|
| <b>January 1, 2006 – December 31, 2006</b>            |               |             |                   |             |                |             |                   |             |
|   | <b>Inside</b> |             |                   |             | <b>Outside</b> |             |                   |             |
|   | <b>#</b>      | <b>%</b>    | <b>\$( '000s)</b> | <b>%</b>    | <b>#</b>       | <b>%</b>    | <b>\$( '000s)</b> | <b>%</b>    |
| Motor Vehicle   | 234           | 89.7        | 2,470             | 89.5        | 27             | 10.3        | 289               | 10.5        |
| Home Equity   | 168           | 95.5        | 8,522             | 94.8        | 8              | 4.5         | 467               | 5.2         |
| Other Unsecured                                       | 143           | 94.1        | 378               | 86.6        | 9              | 5.9         | 59                | 13.4        |
| Other Secured   | 140           | 94.0        | 1,517             | 96.3        | 9              | 6.0         | 59                | 3.7         |
| <b>Total Consumer</b>                                 | <b>685</b>    | <b>92.8</b> | <b>12,887</b>     | <b>93.6</b> | <b>53</b>      | <b>7.2</b>  | <b>874</b>        | <b>6.4</b>  |
| Small Business  | 130           | 87.2        | 23,457            | 84.9        | 19             | 12.8        | 4,175             | 15.1        |
| Small Business Secured by Real Estate                 | 101           | 93.5        | 33,565            | 84.1        | 7              | 6.5         | 6,337             | 15.9        |
| <b>Total Small Business</b>                           | <b>231</b>    | <b>89.9</b> | <b>57,023</b>     | <b>84.4</b> | <b>26</b>      | <b>10.1</b> | <b>10,512</b>     | <b>15.6</b> |
| <b>Total Mortgages</b>                                | <b>187</b>    | <b>91.7</b> | <b>22,546</b>     | <b>89.6</b> | <b>17</b>      | <b>8.3</b>  | <b>2,605</b>      | <b>10.4</b> |
| <b>TOTAL LOANS</b>                                    | <b>1,103</b>  | <b>92.0</b> | <b>92,546</b>     | <b>86.9</b> | <b>96</b>      | <b>8.0</b>  | <b>13,991</b>     | <b>13.1</b> |

***Borrower Distribution of Lending***

Commercial & Savings has a reasonable penetration among individuals of different incomes and businesses of different sizes.

**Consumer Loans**

The following table depicts the borrower distribution of consumer lending inside the bank’s assessment area compared to the percentage of low-, moderate-, middle-, and upper-income households in the assessment area. The bank originated 685 consumer loans inside its assessment area during this evaluation period.

| Borrower Distribution of Consumer Loans |                      |            |                      |              |                           |              |                         |              |                        |              |
|---|----------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|   | Total Consumer Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|   | #                    | % of Total | % of Hhlds           | % Bank Loans | % of Hhlds                | % Bank Loans | % of Hhlds              | % Bank Loans | % of Hhlds             | % Bank Loans |
| Home Equity                             | 168                  | 24.5       | 19.1                 | 9.5          | 17.2                      | 30.4         | 22.1                    | 25.0         | 41.4                   | 29.2         |
| Motor Vehicle                           | 234                  | 34.2       | 19.1                 | 36.8         | 17.2                      | 26.9         | 22.1                    | 17.5         | 41.4                   | 14.5         |
| Other - Secured                         | 140                  | 20.4       | 19.1                 | 32.9         | 17.2                      | 21.4         | 22.1                    | 6.4          | 41.4                   | 4.3          |
| Other - Unsecured                       | 143                  | 20.9       | 19.1                 | 24.5         | 17.2                      | 27.3         | 22.1                    | 11.2         | 41.4                   | 10.5         |

**Motor Vehicle**

The bank made 36.75% of its motor vehicle loans to low-income borrowers, while 19.19% 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 26.92% of its motor vehicle loans to moderate-income borrowers, while 17.24% 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 17.52% of its motor vehicle loans to middle-income borrowers, while 22.12% of the households in the assessment area are middle-income individuals. The bank made 14.53% of its motor vehicle loans to upper-income, while 41.46% of the households in the assessment area are upper-income individuals. The bank made 4.27% of its motor vehicle loans to unknown-income borrowers.

**Home Equity**

The bank made 9.53% of its home equity loans to low-income borrowers, while 19.19% of the households in the assessment area are low-income individuals. Based on this analysis, the bank’s home equity loans to low-income borrowers are poor. The bank made 30.36% of its home equity loans to moderate-income borrowers, while 17.24% of households in the assessment area are moderate-income individuals. Based on this analysis, the bank’s home equity loans to moderate-income borrowers are excellent. The bank made 25.00% of its home equity loans to middle-income borrowers, while 22.12% of the households in the assessment area are middle-income individuals. The bank made 29.17% of its home equity loans to upper-income, while 41.46% of the households in the assessment area are upper-income individuals. The bank made 5.95% of its home equity loans to unknown-income borrowers.

*Other-Unsecured*

The bank made 24.48% of its other-unsecured loans to low-income borrowers, while 19.19% of the households in the assessment area are low-income individuals. Based on this analysis, the bank's other-unsecured loans to low-income borrowers are excellent. The bank made 27.27% of its other-unsecured loans to moderate-income borrowers, while 17.24% of households in the assessment area are moderate-income individuals. Based on this analysis, the bank's other-unsecured loans to moderate-income borrowers are excellent. The bank made 11.19% of its other-unsecured loans to middle-income borrowers, while 22.12% of the households in the assessment area are middle-income individuals. The bank made 10.49% of its other-unsecured loans to upper-income, while 41.46% of the households in the assessment area are upper-income individuals. The bank made 26.57% of its other-secured loans to unknown-income borrowers.

*Other-Secured*

The bank made 32.86% of its other-secured loans to low-income borrowers, while 19.19% of the bank's households in the assessment area are low-income individuals. Based on this analysis, the bank's other-secured loans to low-income borrowers are excellent. The bank made 21.43% of its other-secured loans to moderate-income borrowers, while 17.24% of households in the assessment area are moderate-income individuals. Based on this analysis, the bank's other-secured loans to moderate-income borrowers are excellent. The bank made 6.43% of its other-secured loans to middle-income borrowers, while 22.12% of the households in the assessment area are middle-income individuals. The bank made 4.29% of its other-secured loans to upper-income, while 41.46% of the households in the assessment area are upper-income individuals. The bank made 35.00% of its other-secured loans to unknown-income borrowers.

*Small Business*

The following table represents the borrower distribution of small loans to businesses. The bank originated 231 business loans inside its assessment area during this evaluation period.

| Borrower Distribution of Small Loans to Businesses |             |            |   |              |  |                         |   |
|--|-------------|------------|---|--------------|--|-------------------------|---|
|  | Total Loans |            | Businesses with Revenues of \$1 million or less |              | Loans by Original Amount Regardless of Business Size |                         |   |
|  | #           | % of Total | % of Businesses/<br>Farms                       | % Bank Loans | \$100,000 or Less                                    | >\$100,001 to \$250,000 | >\$250,001 to \$1,000,000 (Bus) - \$500k (farm) |
| Small Business                                     | 130         | 56.3       | 87.2  | 65.4         | 63.8   | 18.5                    | 15.4  |
| Small Bus secured by RE                            | 101         | 43.7       | 87.2  | 52.5         | 56.4   | 13.9                    | 25.7  |

*Small Business*

The bank has a good distribution of loans to businesses of different revenue sizes within the assessment area. The bank made 65.38% of its loans to businesses with revenues of \$1 million or less, which contain 87.20% small businesses in the assessment area. Although this is less than the percentage of small businesses in the assessment area, lending to businesses of different revenues sizes is considered adequate.

*Small Business secured by Real Estate*

The bank has an adequate distribution of small business real estate secured loans to businesses of different revenue sizes within the assessment area. The bank made 52.48% of its loans to businesses with revenues of \$1 million or less, which is less than the percentage of small businesses in the assessment area.

**Mortgage**

The following table depicts the borrower distribution of mortgage lending inside the bank’s assessment area compared to the percentage of low-, moderate-, middle-, and upper-income families in the assessment area. The bank originated 187 mortgage loans inside its assessment area during this evaluation period.

| Borrower Distribution of Real Estate Loans |                         |            |                      |              |                           |              |                         |              |                        |              |
|--|-------------------------|------------|----------------------|--------------|---------------------------|--------------|-------------------------|--------------|------------------------|--------------|
|  | Total Real Estate Loans |            | Low-Income Borrowers |              | Moderate-Income Borrowers |              | Middle-Income Borrowers |              | Upper-Income Borrowers |              |
|  | #                       | % of Total | % of Families        | % Bank Loans | % of Families             | % Bank Loans | % of Families           | % Bank Loans | % of Families          | % Bank Loans |
| Mortgage                                   | 187                     | 100.0%     | 16.1                 | 8.0          | 19.9                      | 26.7         | 25.1                    | 28.3         | 38.9                   | 34.8         |

The bank made 8.02% of its mortgage loans to low-income borrowers, while 16.12% 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 poor. The bank made 26.74% of its mortgage loans to moderate-income borrowers, while 19.90% 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 excellent. The bank made 28.34% of its mortgage loans to middle-income borrowers, while 25.10% of the families living in the assessment area are middle-income individuals. The bank made 34.76% of its mortgage loans to upper-income borrowers, while 38.88% of the families living in the assessment area are upper-income individuals. The bank made 2.14% of its mortgage loans to unknown-income borrowers.

**Response to Substantiated Complaints**

The bank has not received any CRA-related complaints since the previous examination.

## **Community Development Test**

The bank is rated satisfactory under the community development test. Commercial & Savings' community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services considering its capacity and the need and availability of community development opportunities in its assessment area.

### ***Community Development Loans***

The community development loans reviewed were originated from January 1, 2007 to June 25, 2007. Loans with a community development purpose made in 2006 were included in the lending test of this evaluation.

Commercial & Savings made four loans totaling \$38,382.18. Of the four loans, three loans were to provide services for low- and moderate-income individuals and one loan was for affordable housing for low- or moderate-income individuals.

### ***Qualified Investments***

The bank made 14 donations totaling \$34,350. Of the 19 donations, nine were made for the purpose of community services for low- and moderate-income individuals totaling \$7,850. Donations were given to the following organizations:

- Goodwill Industries - Helps people with disabilities and barriers to employment make the transition to independence through education, training, and employment services.
- Share-A-Christmas – Provides toys for low- and moderate-income children.
- Salvation Army Coats for Kids – Provides coats for low- and moderate-income children.
- The Love Center – Supplies food for low- and moderate-income individuals.

Three donations were made for the purpose of economic development totaling \$25,000.00. Both of the organizations, Historic Downtown Millersburg and Cary House, promote economic development in the Millersburg area. Two donations were also made for the purpose of providing affordable housing for low- and moderate-income individuals totaling \$1,500, specifically to Holmes County Habitat for Humanity.

### ***Community Development Services***

All of the bank's offices are located in middle-income tracts. The loan production office and the cash-only ATM are also in middle-income geographies. The branch distribution is representative of the overall make-up of tracts in the assessment area as 84.1% of the geographies are middle-income.

Bank directors, officers, and staff participate in the following community development organizations:

- Goodwill Industries – Employees taught classes on banking.
- Goodwill Industries, Wheels to Work Program – This program allows low- to moderate-income individuals to obtain transportation to work.
- Holmes County Habitat for Humanity - Employee serves as board member for this organization, which is a provider of owner-occupied housing for low-income families.
- Holmes County Habitat For Humanity – Employee serves on the family selection committee to provide financial analysis on whether the family can qualify for the loan to obtain the house. The organization provides owner-occupied housing for low-income families.
- Ohio Saves – This program is to encourage Ohioans to save, especially those of low to moderate means.
- Historic Downtown Millersburg – Employee is the treasurer for this organization, which is part of the Heritage Ohio Main Street Community that is continually working on revitalization efforts in downtown Millersburg.

### **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

A fair lending review was completed in conjunction with the compliance and CRA examinations. No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Commercial & Savings maintains fair lending policies and procedures and provides bank staff with fair lending training.

### **ASSESSMENT AREA MAP**

Commercial & Savings Bank  
Assessment Area: Non-MSA OH

