

# **PUBLIC DISCLOSURE**

July 13, 2009

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Commercial and Savings Bank  
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: “Outstanding”**

The major factors and criteria contributing to this rating include:

- There is 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.
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area.
- There is a reasonable penetration among individuals of different income levels (including low-and moderate-income individuals) and an excellent penetration among business and farms of different sizes.
- There have been no complaints filed against the bank since the previous CRA examination.
- The bank’s community development performance demonstrates excellent responsiveness to the 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 conducted June 25, 2007 resulted in a rating of “Satisfactory.”

## 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, 2007 to December 31, 2008. In addition, the bank's community development activity from June 25, 2007 through July 13, 2009 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 following:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment areas;
- The geographic distribution of loans in the bank's 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 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 loans, small business, small farm, and mortgage loans reported under the Home Mortgage Act (HMDA). Consumer loans are comprised of motor vehicle, home equity, other secured, and other unsecured loan types. Consumer loans accounted for 62.2% of total loan volume, followed by small business loans at 22.6%, mortgage loans at 10.4%, and small farm loans at 4.8% during this review period. Mortgage loans are comprised of home purchase and refinance loans. As a result, consumer loans received the greatest weight in this analysis, followed by small business loans, mortgage loans, and small farm loans.

As part of the overall lending test, the bank's geographic distribution with respect to consumer loans was assessed by comparing the percentage of loans made in each geography type (low-, moderate-, middle-, and upper-income) to the percentage of total households in each geographic category. Small business and small farm loans, also known as CRA loans, were compared to the percentage of businesses and farms within each geographic income category, regardless of revenue size of the business.

The bank's geographic distribution with respect to HMDA loans was assessed by comparing the percentage of loans made in each geography type (low-, moderate-, middle-, and upper-income) to the percentage of owner-occupied housing units by tract. Lending patterns in low- and moderate-income and distressed middle-income geographies were given more weight than lending in middle- and upper-income geographies.

The bank's borrower income distribution with respect to consumer loans was assessed by comparing the percentage of loans made to consumers 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 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, poverty levels were considered in the analysis. Poverty level is determined by both income and family size. Generally, a larger proportion of families at poverty level are found in the low-income category, and to some extent, in the moderate-income category. Borrowers at poverty level often do not qualify for real estate loans, so the percentage of families below poverty level was considered when evaluating lending performance to low- and moderate-income borrowers. In this analysis, borrower distribution was weighted more heavily than the bank's geographic distribution, primarily because of the limited number of low- and moderate-income tracts.

The bank's borrower distribution with respect to small business loans was assessed by comparing the percentage of loans made to businesses 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 lending pattern to businesses with \$1 million or less in revenue is weighted the most heavily in the analysis.

The bank's borrower distribution with respect to small farm loans was assessed by comparing the percentage of loans made to farms in each revenue category (less than or equal to \$1 million thousand or greater than \$1 million) to the percentage of total farms in each revenue category. The bank's lending pattern to farms with \$1 million or less in revenue is weighted the most heavily in the analysis.

The community development test provides for 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 the needs of its assessment area through community development activities.

## DESCRIPTION OF INSTITUTION

The Commercial and Savings Bank of Millersburg, Ohio (Commercial & Savings) is owned by the holding company 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 has assets of \$421.2 million as of March 31, 2009, an increase of 31.1% since the previous examination in June 2007.

Commercial & Savings is a full-service retail bank offering deposit accounts and consumer, real estate, and commercial loans. As of March 31, 2009, the loan portfolio totaled \$319 million, which is an increase of 24.5% since December 31, 2007. The concentration levels have remained consistent since December 31, 2007, with only slight increases in one-to-four family dwellings and commercial real estate at 4.1% and 3.3%, respectively, and a slight decrease of 3.6% in loans to individuals.

Loans constitute approximately 81.2% of total assets, with residential real estate loans accounting for 87.18% of the loan portfolio. The remainder of the loan portfolio consists of commercial, consumer, and agricultural loans at 9.14%, 2.59%, and 0.78%, respectively.

Since the previous evaluation, Community & Savings adjusted its assessment area to consist of the entirety of Holmes and Tuscarawas Counties and portions of Wayne and Coshocton Counties located in nonmetropolitan Ohio and northern portions of Stark County located in the Canton-Massillon Metropolitan Statistical Area 15940 (MSA) Ohio.

In November 2008, Commercial & Savings acquired Indian Village Community Bank (Indian Village) in Gnadenhutten, Ohio, which was fully merged into Commercial & Savings. As part of the acquisition, Commercial & Savings acquired the following three branch offices: Gnadenhutten and New Philadelphia (both located in the bank's nonmetropolitan area) and North Canton (located in the Canton-Massillon MSA).

Due to the timing of Commercial & Savings' acquisition of Indian Village Community Bank, the bank's lending performance in the Canton-Massillon MSA will not be evaluated as part of this evaluation.

Commercial & Savings' previous assessment area consisted of the entirety of Holmes County; portions of Tuscarawas, Wayne, and Coshocton Counties; and two contiguous census tracts in southwestern Stark County. With the acquisition of Indian Village Community Bank, Commercial & Savings eliminated the two contiguous tracts in southwestern Stark County, since there were no branch offices and lending levels were minimal. The bank also added the remaining tracts in Tuscarawas County and ten additional census tracts in northern Stark County in order to incorporate the Indian Village branch locations acquired into its assessment area.

Commercial & Savings' overall assessment area consists of 60 census tracts (50 tracts in the nonmetropolitan area and 10 tracts in the Canton-Massillon MSA). The assessment area is comprised of no low-income census tracts, four moderate-income census tracts, 47 middle-income census tracts, and nine upper-income census tracts. Two of the bank's 47 middle-income tracts are considered distressed due to unemployment.

There is much competition throughout the bank's assessment area. Including Commercial & Savings, there are 26 FDIC-insured institutions operating 120 offices within the counties of Holmes, Wayne, Tuscarawas, and Coshocton.<sup>1</sup> Statistics as of June 30, 2008 indicate Commercial & Savings has 6.7% market share of deposits within the counties of Holmes, Wayne, Tuscarawas, and Coshocton, which ranks sixth among the 26 institutions. National City Bank ranked first with 18.77% market share of deposits with 18 offices, Huntington National Bank ranked second with 11.72% market share with seven offices, while JPMorgan Chase Bank ranked third with 9.09% market share with 10 offices.

Commercial & Savings has 11 full service branches with ATMs in the following counties: six in Holmes, two in Tuscarawas, two in Wayne, and one in Stark. The bank has one full-service branch without an ATM in Tuscarawas, and four cash-only ATMs (one in Holmes and three in Tuscarawas). Commercial & Savings' main office in Holmes County houses the operations center and conducts some banking activities such as trust services and loan origination, but does not take deposits. There is also an office in the city of Wooster in Wayne County that conducts trust services. As described earlier, the bank acquired three new branch offices as a result of the acquisition.

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.

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

## DESCRIPTION OF NONMETROPOLITAN STATISTICAL AREA OHIO

The nonmetropolitan area is comprised of the entirety of Holmes and Tuscarawas Counties and portions of Coshocton and Wayne Counties and 83% of the bank's census tracts are located in this assessment area. The nonmetropolitan area is made up of 50 total census tracts comprised of no low-income census tracts, four moderate-income census tracts, 42 middle-income census tracts, and four upper-income census tracts. Two of the middle-income tracts are considered distressed due to unemployment. Both of these tracts are located in Coshocton County.

Distressed areas as defined by the Community Development Financial Institutions (CDFI) Fund have an unemployment rate of at least one-and-one half times greater than the national average, a poverty rate of 20 percent or more, a population loss of 10% or more between decennial census years, and a net migration loss of 5% or more over the five-year period prior to the most recent census.

For CRA purposes, middle-income geographies in nonmetropolitan areas may be considered distressed and/or underserved geographies for up to one year after the geographies are removed from the list.

According to the Census Bureau's 2006 population estimates, Holmes County's population is 41,369. The county seat for Holmes County is Millersburg Village. Holmes County is home to the largest Amish settlement in the world. The Amish comprise a large percentage of the population in the assessment area and the population is continuing to grow. Additionally, many Amish families live in the surrounding counties, including Wayne, Tuscarawas, and Coshocton. Although beliefs vary by orders, all Amish adopt a "plain" lifestyle that eludes modern or worldly amenities, limits education to the eighth grade, adopts plain dress and religious services 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 of low- or moderate-income, many of these families have limited incomes by religious choice<sup>2</sup>.

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.

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<sup>2</sup> [www.amish-heartland.com](http://www.amish-heartland.com)

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. 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.

Because 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.

According to Ohio Department of Development's Office of Policy, Research, and Strategic Planning<sup>3</sup>, the county seat of Tuscarawas County is New Philadelphia City. The city of New Philadelphia is both its largest city and county seat. The city of Wooster is both its largest city and county seat, as slightly over 23% of the county's population resides in Wooster. Wayne County is the largest agricultural county in the State of Ohio, and the city of Coshocton is both its largest city and county seat, as approximately a third of the county's population resides in the city of Coshocton.

### **Population Characteristics**

According to the 2000 U.S. Census, the total population within Commercial & Savings' assessment area is 214,126, and 9.45% of the population lives the moderate-income census tracts. The majority of the population (84.05%) lives in middle-income census tracts, and 13.06% of the total population is now age 65 or older.

According to Ohio Department of Development's Office of Policy, Research, and Strategic Planning<sup>3</sup>, the population characteristics for subsequent counties in the bank's assessment area are as follows:

- From 2001 to 2007, the total population in Holmes County increased from 39,744 to 41,369 and is projected to increase to 43,440 by 2010.
- For Tuscarawas County, from 2001 to 2007, the total population increased from 91,150 to 91,398 and is projected to increase to 93,160 by 2010.
- For Wayne County, from 2001 to 2007, the total population increased from 112,107 to 113,554 and is projected to increase to 119,850 by 2010.
- From 2001 to 2007, the total population in Coshocton County decreased from 36,816 to 36,341 but is projected to increase to 37,070 by 2010.

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<sup>3</sup> www.odod.state.oh.us

### **Income Characteristics**

Based on the 2000 U.S. Census, the median family income for the bank's assessment area is \$43,409, which is below the State of Ohio's median family income of \$50,037. The median household income for the bank's assessment area is \$37,298, which is below the State of Ohio's median household income of \$40,956.

There are 77,385 households, of which 56,695 are designated as families. In addition, 15.75% of families who live below the poverty level in this assessment area reside in moderate-income census tracts. The majority of families below the poverty level (80.28%) reside in middle-income census tracts in this assessment area. Only 3.97% of families below the poverty level reside in upper-income census tracts.

Further, of households in this assessment area receiving public assistance, 21.05% are in moderate-income tracts and the majority (74.99%) is concentrated in middle-income tracts. Also, of the renters with a rent cost greater than 30% of their income, 19.15% and 75.46% reside in moderate- and middle-income tracts, respectively.

### **Housing Characteristics**

According to the 2000 U.S. Census, there are 82,436 housing units in the assessment area, of which 83.80% are one-to-four family units, 69.28% are owner-occupied, 24.52% are rental units, and 6.20% are vacant. Of the owner-occupied units, 57.82%, 70.46%, and 73.31% are located in moderate-, middle-, and upper-income tracts; therefore, there is less of an opportunity for banks to make refinance and home improvement loans to individuals living in moderate-income tracts as compared to individuals living in middle- and upper-income tracts within this assessment area.

The median age of the housing stock is 36 years, with the oldest housing stock in moderate-income tracts at 58 years and 34 and 35 years in middle- and upper-income tracts, respectively. The age of the housing stock for these areas indicates an opportunity for home improvement-type lending.

The housing affordability ratio, calculated by dividing median family income by median housing value, was 38% in the bank's assessment area. This indicates a slightly greater challenge exists for low- and moderate-income borrowers to purchase a home in the bank's assessment area as compared to Ohio's 40% ratio.

Renters with rent costs greater than 30% of median family income was 26.46% in the bank's assessment area. This indicates that rents are slightly more affordable for low- and moderate-income borrowers in the bank's assessment area as compared to Ohio's 33.76%.

According to community contacts there is a large demand for affordable housing and many low- and moderate-income borrowers in the bank's assessment area that is currently not being met.

According to Sperling's Best Places,<sup>4</sup> the median cost of a home in Millersburg, Ohio (Holmes County) is \$99,700, and home appreciation in the last year has decreased by 4.70%. The median cost of a home in New Philadelphia, Ohio (Tuscarawas County) is \$111,520 and home appreciation in the last year has decreased by 5.20%. The median cost of a home in Wooster, Ohio (Wayne) is \$123,050 and home appreciation in the last year has decreased by 5.10%.

### **Labor, Employment, and Economic Characteristics**

The largest type of employment and corresponding salary information for each county listed below is based on 2007 statistics obtained from the Ohio Department of Development.<sup>5</sup>

For Holmes County, the largest industries by average employment are manufacturing, trade, transportation, and utilities; local government; leisure and hospitality; and education and health. The largest industries by corresponding average weekly corresponding salaries are manufacturing (\$603); local government (\$579); trade, transportation, and utilities (\$463); education and health (\$461); and leisure and hospitality (\$196). Some of the major employers in this county are Case Foods, Inc., West and East Holmes Local Boards of Education, Owens-Illinois, Inc., Pomerene Hospital, and Weaver Leather Goods.

For Tuscarawas County, the largest industries by average employment are manufacturing; trade, transportation, and utilities; education and health; local government; leisure and hospitality; and professional business. The largest industries by average weekly corresponding salaries are manufacturing (\$734); local government (\$607); professional business (\$553); education and health (\$540); trade, transportation, and utilities (\$478); and leisure and hospitality (\$196). Some of the major employers in this county are Alamo Group/Gradall Industries, Allied Machine & Engineering, Smurfit-Stone Container Corp., New Philadelphia City Board of Education, and Wal-Mart Stores Inc.

For Wayne County, the largest industries by average employment are: manufacturing; trade, transportation, and utilities; local government; education and health; and leisure and hospitality. The largest industries by corresponding weekly corresponding salaries are manufacturing (\$827); local government (\$663); education and health (\$534); trade, transportation, and utilities (\$502); and leisure and hospitality (\$193). Some of the major employers in this county are the College of Wooster, Frito-Lay Inc., JM Smucker Co., State of Ohio, and Wooster Community Hospital.

For Coshocton County, the largest industries by average employment are manufacturing; trade, transportation, and utilities; education and health, and local government. The largest industries by weekly corresponding salaries are manufacturing (\$857); trade, transportation, and utilities (\$616); local government (\$561), and education and health (\$537). Some of the major employers in this county are AK Steel Holding Corp., American Electric Power Company, Kraft Foods, and Coshocton County Government.

According to Job and Family Services,<sup>6</sup> the unadjusted unemployment rate as of June 2009 for

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4 [www.bestplaces.net](http://www.bestplaces.net)

5 [www.odod.state.oh.us](http://www.odod.state.oh.us)

6 [www.lmi.state.oh.us](http://www.lmi.state.oh.us)

the counties included in the bank's assessment area are as follows: Holmes - 8.0%, Wayne – 10.7%, Tuscarawas - 11.8%, and Coshocton - 14.8%. The U.S. unadjusted unemployment rate as of June 2009 was 9.7% and 11.2% for the State of Ohio.

The unemployment rates are higher than the unadjusted national rate of 9.7% for all counties except Holmes County. Tuscarawas and Coshocton Counties' rates are higher than both the national and state rates. The demographic table below illustrates the bank's entire assessment area.

## Combined Demographics Report

Commercial and Savings Bank

Assessment Area(s): Non-MSA

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	9,573	16.9
Moderate-income	4	8.0	5,349	9.4	662	12.4	11,362	20.0
Middle-income	42	84.0	47,349	83.5	3,375	7.1	14,268	25.2
Upper-income	4	8.0	3,997	7.1	167	4.2	21,492	37.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>50</b>	<b>100.0</b>	<b>56,695</b>	<b>100.0</b>	<b>4,204</b>	<b>7.4</b>	<b>56,695</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	8,950	5,175	9.1	57.8	3,090	34.5	685	7.7
Middle-income	67,776	47,752	83.6	70.5	15,906	23.5	4,118	6.1
Upper-income	5,710	4,186	7.3	73.3	1,214	21.3	310	5.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>82,436</b>	<b>57,113</b>	<b>100.0</b>	<b>69.3</b>	<b>20,210</b>	<b>24.5</b>	<b>5,113</b>	<b>6.2</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	832	10.0	716	9.8	73	9.8	43	16.0
Middle-income	7,031	84.2	6,156	83.9	661	88.4	214	79.6
Upper-income	487	5.8	461	6.3	14	1.9	12	4.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>8,350</b>	<b>100.0</b>	<b>7,333</b>	<b>100.0</b>	<b>748</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>87.8</b>		<b>9.0</b>		<b>3.2</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	17	2.1	17	2.1	0	0.0	0	0.0
Middle-income	759	94.2	756	94.1	3	100.0	0	0.0
Upper-income	30	3.7	30	3.7	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>806</b>	<b>100.0</b>	<b>803</b>	<b>100.0</b>	<b>3</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>				<b>99.6</b>		<b>0.4</b>		<b>0.0</b>

## **Community Contacts**

Two community contacts were utilized in conjunction with this evaluation. The first community contact was a non-profit community action organization that provides a variety of services to low- and moderate-income individuals residing in Knox, Holmes, Coshocton, and Ashland Counties. The second community contact was a mayor from a municipality located in Tuscarawas County.

Both contacts emphasized the negative effects of the weakened economy and high unemployment rates. According to both contacts, the area has lost thousands of jobs over the last few years mainly in manufacturing, thereby increasing the financial needs of the area's residents.

The representative from the community action organization stated there is a waiting list for affordable housing in Knox and Coshocton Counties. The contact also emphasized there is an increasing need to find funding for affordable housing, weatherization, and energy assistance programs. The contact stated their organization has never received donations from any of the local financial institutions. The mayor indicated that there is an increasing need for affordable housing, especially among elderly citizens. He also stated that local financial institutions readily make residential real estate and other types of loans available to members of the community.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Lending Test

Commercial & Savings' record of meeting the credit needs of its assessment area is reasonable based on the factors in this evaluation.

### *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' peer group consists of all insured commercial banks having assets between \$300 million and \$1 billion.

Commercial & Savings' loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The loan-to-deposit ratio has averaged 99.04% over the past ten quarters of operation and is above the peer group average of 88.62%. The bank experienced slight increases in loan volume and fluctuations in deposit volume through the first six quarters. The significant increase in the bank's loan-to-deposit ratio starting in the second half of 2008 and can be attributed to increased loan demand due to low interest rates, the Indian Valley acquisition, and a decline in certificate of deposit balances.

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

<b>CSB Loan-to-Deposit Ratios</b>				
<b>As of Date</b>	<b>Net Loans (000s)</b>	<b>Total Deposits (000s)</b>	<b>Bank Ratio</b>	<b>Peer Ratio</b>
June 30, 2009	315,647	301,052	104.85%	86.01%
March 31, 2009	316,023	305,577	103.42%	86.89%
December 31, 2008	312,896	306,054	102.24%	89.33%
September 30, 2008	253,562	247,157	102.59%	91.10%
June 30, 2008	246,825	248,987	99.13%	91.00%
March 31, 2008	244,293	248,541	98.29%	89.47%
December 31, 2007	254,073	261,134	97.30%	89.45%
September 30, 2007	243,072	254,608	95.47%	88.56%
June 30, 2007	240,059	251,402	95.49%	87.86%
March 31, 2007	233,163	254,480	91.62%	86.56%
<b>Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation</b>			<b>99.04%</b>	<b>88.62%</b>

### *Lending in the Assessment Area*

The following table illustrates that the percentage of loans made inside the assessment area was approximately 91.9%. 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.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Small Business	187	87.8	24,979	67.6	26	12.2	11,986	32.4
Small Business Secured RE	99	93.4	13,610	96.2	7	6.6	537	3.8
<b>Total Small Bus. Related</b>	<b>286</b>	<b>89.7</b>	<b>38,589</b>	<b>75.5</b>	<b>33</b>	<b>10.3</b>	<b>12,523</b>	<b>24.5</b>
Small Farm	61	98.4	4,702	99.7	1	1.6	15	0.3
<b>Total Small Farm Related</b>	<b>61</b>	<b>98.4</b>	<b>4,702</b>	<b>99.7</b>	<b>1</b>	<b>1.6</b>	<b>15</b>	<b>0.3</b>
Home Equity	221	96.5	11,175	97.1	8	3.5	331	2.9
Motor Vehicle	296	90.0	2,620	90.0	33	10.0	290	10.0
Other - Secured	138	90.2	1,072	80.3	15	9.8	262	19.7
Other - Unsecured	132	95.7	610	98.1	6	4.3	12	1.9
<b>Total Consumer Related</b>	<b>787</b>	<b>92.7</b>	<b>15,475</b>	<b>94.5</b>	<b>62</b>	<b>7.3</b>	<b>895</b>	<b>5.5</b>
Home Purchase	79	91.9	8,353	92.6	7	8.1	665	7.4
Refinance	53	86.9	6,663	87.3	8	13.1	969	12.7
<b>Total Real Estate Related</b>	<b>132</b>	<b>89.8</b>	<b>15,016</b>	<b>90.2</b>	<b>15</b>	<b>10.2</b>	<b>1,634</b>	<b>9.8</b>
<b>TOTAL LOANS</b>	<b>1,266</b>	<b>91.9</b>	<b>73,783</b>	<b>83.0</b>	<b>111</b>	<b>8.1</b>	<b>15,067</b>	<b>17.0</b>

### *Geographic Distribution of Lending*

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the assessment area. Commercial & Savings' geographic distribution of loans reflects a reasonable dispersion throughout its assessment area.

As stated earlier, the nonmetropolitan area is comprised of 50 total census tracts. There are no low-income census tracts, four moderate-income census tracts, 42 middle-income census tracts, and four upper-income census tracts. Of note, six (12%) of this assessment area's total census tracts are located in Holmes County, all of which are middle-income tracts. Twenty (40%) of the tracts are located in Tuscarawas County, of which there are three moderate-, two upper-, and 15 middle-income tracts. Twenty-two (44%) of the tracts are located in Wayne County, of which there are one moderate-, two upper-, and 19 middle-income tracts. Lastly, the two distressed middle-income tracts, which represent 4% of this assessment area's total census tracts, are located in Coshocton County.

Commercial & Savings did not lend in 18 census tracts (3 moderate, 13 middle, 2 upper) in 2007 and 11 census tracts (1 moderate, 9 middle, 1 upper) in 2008. The bank made loans in both of the distressed middle-income census tracts in Coshocton County which accounted for 3.03% of the bank's total mortgage lending.

All of the tracts without lending, along with the four moderate-income tracts with low levels of lending, are a considerable distance from the nearest offices in Wayne and Tuscarawas counties. Therefore, the gaps and low levels of lending within these tracts are considered reasonable; as a result, there are no significant gaps noted in the distribution of lending throughout this assessment area.

Due to the lack of low-income census tracts and the limited number of moderate-income census tracts in this assessment area, geographic distribution was weighted less heavily, in relation to the bank's performance context and borrower distribution. The bank's level of lending within the two distressed middle-income census tracts was considered in evaluating the bank's overall geographic distribution of lending.

### *Consumer Loans*

#### *Motor Vehicle*

Commercial & Savings originated 296 motor vehicle loans for approximately \$2.6 million during this evaluation period; 281 (94.9%) of the bank's motor vehicle loans were made in middle-income tracts, which exceeded the 82.4% of households in the bank's middle-income tracts. Eight (2.7%) of the bank's motor vehicle loans were made in upper-income census tracts, which was below the 6.9% of households in the bank's upper-income tracts. Seven (2.4%) of the bank's motor vehicle loans were made in moderate-income tracts, which was below the 10.7% of households in moderate-income tracts; therefore, the bank's lending in moderate-income tracts was considered adequate. Seven (2.4%) of the bank's motor vehicle loans were made in the two distressed middle-income tracts, which was below the 4.0% of households in these tracts; therefore, the bank's lending in the two distressed middle-income tracts was considered adequate. The geographic distribution of motor vehicle loans was considered adequate.

#### *Home Equity*

Commercial & Savings originated 221 home equity loans for approximately \$11.2 million during this evaluation period; 218 (98.6%) of the bank's home equity loans were made in middle-income tracts, which exceeded the 82.4% of households in the bank's middle-income tracts. Three (1.4%) of the bank's home equity loans were made in upper-income census tracts, which was below the 6.9% of households in the bank's upper-income tracts. Fifteen (6.8%) of the bank's home equity loans were made in the two distressed middle-income tracts, which was above the 4.0% of households in these tracts; therefore, the bank's lending in the two distressed middle-income tracts was considered excellent. There was no home equity loans originated in the moderate-income census tracts. The geographic distribution of home equity loans was considered good.

*Other-Secured*

Commercial & Savings originated 138 other-secured loans for approximately \$1 million during this evaluation period; 134 (97.1%) of the bank’s other-secured loans were made in middle-income tracts, which exceeded the 82.4% of households in middle-income tracts. Two (1.4%) of the bank’s other-secured loans were made in upper-income tracts, which was below the 6.9% of households in upper-income tracts. Two (1.4%) of the bank’s other-secured loans were made in moderate-income census tracts, which was below the 10.7% of households in the bank’s moderate-income census tracts; therefore, the bank’s lending in moderate-income tracts was considered adequate. Two (1.5%) of the bank’s other-secured loans were made in the two distressed middle-income tracts, which was below the 4.0% of households in these tracts; therefore, the bank’s lending in the two distressed middle-income tracts was considered good. The geographic distribution of other-secured loans was considered good.

*Other-Unsecured*

Commercial & Savings originated 132 other-unsecured loans for approximately \$610,000 during this evaluation period; 128 (97%) other-unsecured loans were made in middle-income tracts, which exceeded the 82.4% of households in the bank’s middle-income tracts. Three (2.3%) of the bank’s other-unsecured loans were made in upper-income tracts, which was below the 6.9% of households in upper-income tracts. One (0.8%) other-unsecured loan was made in the moderate-income census tracts, which was below the 10.7% of households in moderate-income census tracts and the bank’s lending in moderate-income tracts was considered adequate. Seven (5.3%) of the bank’s other-unsecured loans were made in the two distressed middle-income tracts, which was above the 4.0% of households in these tracts; therefore, the bank’s lending in the two distressed middle-income tracts was considered excellent. The geographic distribution of other-unsecured loans was considered good.

The table below breaks down the geographic distribution of consumer loans.

<b>Geographic Distribution of Consumer Loans</b>								
<b>Assessment Area/Group: Non-MSA</b>								
	<b>Total Consumer Loans</b>		<b>Moderate-Income Geographies</b>		<b>Middle-Income Geographies</b>		<b>Upper-Income Geographies</b>	
	<b>#</b>	<b>% of Total</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>
Home Equity	221	28.1	10.7	0.0	82.4	98.6	6.9	1.4
Motor Vehicle	296	37.6	10.7	2.4	82.4	94.9	6.9	2.7
Other - Secured	138	17.5	10.7	1.4	82.4	97.1	6.9	1.4
Other - Unsecured	132	16.8	10.7	0.8	82.4	97.0	6.9	2.3

***Small Business Loans***

To enhance its efforts in addressing the credit needs of small businesses in its assessment area, Commercial & Savings participates in the Ohio Treasurer’s GrowNOW program, which is an interest rate reduction program designed to help small businesses grow by providing them with critical cash flow. When a business is approved for a loan from an eligible bank in the state,

GrowNOW provides an additional 3% discount on the loan's already-negotiated interest rate when the loan is linked to creating or saving jobs in Ohio. The treasury places a certificate of deposit (CD) with the bank at a reduced rate. The bank agrees to pass along the interest rate savings of 3% to the small business owner's loan. The treasurer's office estimates that this program saves the small business owner up to \$24,000 in interest over the two-year life of the CD. During this evaluation period, Commercial & Savings originated 12 loans through this program, aggregating \$2.7 million in CD deposits.

Commercial & Savings originated 187 small business loans totaling approximately \$24.9 million during this evaluation period. Business demographics revealed that there are 8,350 businesses in the bank's assessment area, of which 84.2% are located in middle-income tracts, 10% are located in moderate-income tracts, and 5.8% are located in upper-income tracts.

The bank originated 183 (97.9%) small business loans in middle-income tracts, which exceeded the percent of total businesses by tract at 83.9%. The bank originated three (1.6%) small business loans in upper-income tracts, which was below the percent of total businesses by tract at 6.3%. The bank originated one (0.5%) small business loan in the moderate-income tracts, which was below the percent of total businesses by tract at 9.8%. The bank's lending in moderate-income census tracts was considered adequate. Also, nine (4.81%) small business loans were made in the two distressed middle-income tracts, which was above the percent of total businesses by tract at 2.07%. The bank's lending in the two distressed middle-income tracts was considered excellent. The geographic distribution of lending to small businesses was considered good.

#### *Small Business Real Estate-Secured*

Commercial & Savings originated 99 small business real estate-secured loans totaling approximately \$13.6 million during this evaluation period.

The bank originated 98 (99.0%) small business loans secured by real estate in middle-income tracts, which exceeded the percent of total businesses at 83.9%. The bank originated one (1.0%) small business loan secured by real estate in upper-income tracts, which was below the percent of total businesses at 6.3%. The bank originated two (2.02%) small business loans secured by real estate in the bank's two distressed middle-income tracts, which was equivalent to the percent of total businesses at 2.07%. The bank's lending in the two distressed middle-income tracts was considered good. There were no small business real estate-secured loans originated in the moderate-income tracts and the geographic distribution of lending to small businesses with loans secured by real estate was considered adequate.

#### *Real Estate Loans*

##### *Home Purchase*

Commercial & Savings originated 79 home purchase loans for approximately \$8.3 million during this evaluation period; 76 (96.2%) of the bank's home purchase loans were made in middle-income tracts, which exceeded the 83.6% of owner-occupied housing units in these tracts. Also, three (3.8%) of the bank's home purchase loans were made in the two distressed middle-census tracts, which was slightly below the 4.5% of owner-occupied housing units in these tracts; therefore, lending in distressed middle-income tracts was considered good. Three

(3.8%) of the bank’s home purchase loans were made in upper-income tracts, which was below the 7.3% of owner-occupied housing units in the bank’s upper-income tracts. There were no home purchase loans originated in the moderate-income census tracts within the bank’s assessment area and the geographic distribution of home purchase loans was considered good.

*Home Refinance*

Commercial & Savings originated 53 refinance loans for a total of approximately \$6.6 million during this evaluation period; 52 (98.1%) of the bank’s refinance loans were made in middle-income tracts, which exceeded the 83.6% of owner-occupied housing units in the bank’s middle-income tracts. Also, one (1.9%) of the bank’s refinance loans was made in the two distressed middle-income tracts, which was below the 4.5% of owner-occupied housing units in the bank’s distressed census tracts; therefore, lending in distressed middle-income tracts was considered adequate. One (1.9%) of the bank’s refinance loans was made in upper-income tracts, which was below the 7.3% of owner-occupied housing units in the bank’s upper-income tracts. There were no refinance loans originated in the moderate-income tracts and the geographic distribution of refinance loans was considered adequate.

The table below breaks down the geographic distribution of real estate loans:

Geographic Distribution of Real Estate Loans								
Assessment Area(s): Non-MSA								
	Total Real Estate Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Owner Occ Units	% Bank Loans	% of Owner Occ Units	% Bank Loans	% of Owner Occ Units	% Bank Loans
Home Purchase	79	59.8	9.1	0.0	83.6	96.2	7.3	3.8
Refinance	53	40.2	9.1	0.0	83.6	98.1	7.3	1.9

*Small Farm Loans*

Commercial & Savings originated 61 small farm loans, totaling approximately \$4.7 million during this evaluation period. Business demographics revealed that there are 806 farms in the bank’s assessment area, of which 94.1% are located in middle-income census tracts, 2.1% are located in moderate-income census tracts, and 3.7% are located in upper-income census tracts.

The bank originated 60 (98.4%) small farm loans in middle-income tracts, which exceeded the total of 94.1% of small farms located in middle-income tracts. The bank originated one (1.6%) small farm loan in the upper-income census tracts, which was below the total of 3.7% of small farms located in upper-income tracts. The bank originated 3 (4.92%) small farm loans in the two distressed middle-income tracts, which was lower than the 6.97% of small farms located in these tracts. The bank’s lending in the two distressed middle-income tracts was considered good. There were no small farm loans originated in the moderate-income census tracts within the bank’s assessment area and the geographic distribution of lending to small farms was considered adequate.

The following table breaks down the geographic distribution of small business and small farm loans.

Geographic Distribution of Small Loans to Businesses and Farms								
Assessment Area/Group: Non-MSA								
	Total Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Businesses/ Farms	% Bank Loans	% of Businesses/ Farms	% Bank Loans	% of Businesses/ Farms	% Bank Loans
Small Business	187	53.9	10.0	0.5	84.2	97.9	5.8	1.6
Small Bus secured by RE	99	28.5	10.0	0.0	84.2	99.0	5.8	1.0
Small Farm	61	17.6	2.1	0.0	94.2	98.4	3.7	1.6

### ***Borrower Distribution of Lending***

Based on the demographic characteristics, the lack of low-income and moderate-income geographies in the assessment area, borrower distribution received the greatest weight in this evaluation. Based on analysis of all product lines reviewed (details listed below) and considering that 7.41% of the families within the assessment area are living below the poverty level, Commercial & Savings' distribution of borrowers reflected a reasonable penetration among borrowers of different income levels and businesses of different sizes.

### ***Consumer Loans***

#### ***Motor Vehicle***

The bank originated 102 (34.5%) loans to low-income borrowers, which was significantly greater than the percent of households at 19.7%. Lending to low-income borrowers was considered excellent. The bank originated 90 (30.4%) loans to moderate-income borrowers, which was significantly greater than the percent of households at 17.5%. Lending to moderate-income borrowers was considered excellent. The bank originated 18.6% of its motor vehicle loans to middle-income borrowers and 13.2% of its loans to upper-income borrowers. Originations of motor vehicle loans to middle-income borrowers was less than the percent of households at 22.1% and loans made to upper-income borrowers was significantly less than the percent of households at 40.6%. The borrower distribution for motor vehicle loans to low- and moderate-income borrowers was considered excellent. Also, 3.4% of loans were originated to borrowers with unknown incomes.

#### ***Home Equity***

The bank originated 15 (6.8%) loans to low-income borrowers, which was significantly less than the percent of households at 19.7%. Lending to low-income borrowers was considered poor. The bank originated 61 (27.6%) loans to moderate-income borrowers, which was significantly greater than the percent of households at 17.5%. Lending to moderate-income borrowers was considered excellent. The bank originated 25.8% of its home equity loans to middle-income borrowers and 31.7% of its loans to upper-income borrowers. Originations of home equity loans

to middle-income borrowers exceeded the percent of households at 22.1% and loans made to upper-income borrowers was less than the percent of households at 40.6%.

The borrower distribution for home equity loans to low- and moderate-income borrowers was considered good. Also, 8.1% of loans were originated to borrowers with unknown incomes.

*Other-Secured*

The bank originated 28 (20.3%) loans to low-income borrowers, which was slightly greater than the percent of households at 19.7%. Lending to low-income borrowers was considered excellent. The bank originated 29 (21.0%) loans to moderate-income borrowers, which was significantly greater than the percent of households at 17.5%. Lending to moderate-income borrowers was considered excellent. The bank originated 11.6% of its other-secured loans to middle-income borrowers and 8.0% of its loans to upper-income borrowers. Originations of other-secured loans to middle-income borrowers was significantly less than the percent of households at 22.1% and loans made to upper-income borrowers was significantly less than the percent of households at 40.6%. The borrower distribution for other-secured loans to low- and moderate-income borrowers was considered excellent. Also, 39.1% of loans were originated to borrowers with unknown incomes.

*Other-Unsecured*

The bank originated 35 (26.5%) loans to low-income borrowers, which was greater than the percent of households at 19.7%. Lending to low-income borrowers was considered excellent. The bank originated 52 (39.4%) loans to moderate-income borrowers, which was significantly greater than the percent of households at 17.5%. Lending to moderate-income borrowers was considered excellent. The bank originated 12.9% of its other-unsecured loans to middle-income borrowers and 9.1% of its loans to upper-income borrowers. Originations of other unsecured loans to middle-income borrowers was significantly less than the percent of households at 22.1% and loans made to upper-income borrowers was significantly less than the percent of households at 40.6%. The borrower distribution for other unsecured loans to low- and moderate-income borrowers was considered excellent. Also, 12.1% of loans were originated to borrowers with unknown incomes.

The table below breaks down the borrower distribution of consumer loans:

<b>Borrower Distribution of Consumer Loans</b>										
<b>Assessment Area/Group: Non-MSA</b>										
	<b>Total Consumer Loans</b>		<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>		<b>Middle-Income Borrowers</b>		<b>Upper-Income Borrowers</b>	
	<b>#</b>	<b>% of Total</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>	<b>% of Hhlds</b>	<b>% Bank Loans</b>
Home Equity	221	28.1	19.7	6.8	17.5	27.6	22.1	25.8	40.6	31.7
Motor Vehicle	296	37.6	19.7	34.5	17.5	30.4	22.1	18.6	40.6	13.2
Other - Secured	138	17.5	19.7	20.3	17.5	21.0	22.1	11.6	40.6	8.0
Other - Unsecured	132	16.8	19.7	26.5	17.5	39.4	22.1	12.9	40.6	9.1

### ***Small Business Loans***

An analysis of small business lending data was conducted to ascertain the extent of lending to businesses of different revenue sizes, including small businesses. Of the 187 small business loans originated by the bank, 90.9% were made to businesses with \$1 million or less in revenues, which was above the total 87.8% of small businesses in the assessment area. Therefore, the bank's lending to small businesses was considered excellent.

Commercial & Savings small business lending shows that a substantial majority of the bank's business loans (69.5%) were for loan amounts of \$100,000 or less. Smaller-size loans are generally commensurate with the borrowing needs of smaller businesses. This further supports the bank's level of lending to smaller businesses and demonstrates that Commercial & Savings is meeting the credit needs of local businesses.

#### ***Small Business Real Estate-Secured***

Of the 99 small business real estate secured loans originated by the bank, 64.6% were made to businesses with \$1 million or less in revenues, which was below the total 87.8% of small businesses in the assessment area. Therefore, the bank's lending to small businesses secured by real estate is considered adequate.

Commercial & Savings small business real estate secured lending shows that a substantial majority of the bank's business loans (77.8%) were for loan amounts of \$100,000 or less. Smaller-size loans are generally commensurate with the borrowing needs of smaller businesses. This further supports the bank's level of lending to smaller businesses and demonstrates that Commercial & Savings is meeting the credit needs of local businesses.

### ***Real Estate Loans***

#### ***Home Purchase***

The bank made 5 (6.3%) loans to low-income borrowers, which is significantly less than the 16.9% of families in the assessment area. Lending to low-income families was considered poor. The bank originated 29 (36.7%) loans to moderate-income borrowers, which exceeded the 20.0% of families in the assessment area. Lending to moderate-income borrowers was considered excellent. In addition, the percent of families living below the poverty level was 7.4%, which is factored into the bank's ability to lend. Middle-income borrowers received 25.3% of loans made in the assessment area, which was equivalent to the percent of families at 25.2%. Upper-income borrowers received 25.3% of all loans made in the assessment area, which was below the percent of families at 37.9%. The bank's penetration to low- and moderate-income borrowers for home purchase loans was considered good. Also, 6.3% of loans were originated to borrowers with unknown incomes.

*Home Refinance*

The bank made one (1.9%) loan to low-income borrowers, which is significantly less than the 16.9% of families in the assessment area. Lending to low-income families was considered poor. The bank originated 14 (26.4%) loans to moderate-income borrowers, which exceeded the 20.0% of families in the assessment area. Lending to moderate-income borrowers was considered excellent. In addition, the percent of families living below the poverty level was 7.4%, which is factored into the bank’s ability to lend. Middle-income borrowers received 30.2% of loans made in the assessment area, which exceeded the percent of families at 25.2%. Upper-income borrowers received 30.2% of all loans made in the assessment area, which was below the percent of families at 37.9%. The bank’s penetration to low- and moderate-income borrowers for refinance loans was considered good. Also, 11.3% of loans were originated to borrowers with unknown incomes.

The table below breaks down the borrower distribution of real estate loans:

Borrower Distribution of Real Estate Loans										
Assessment Area(s): Non-MSA										
	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
Home Purchase	79	59.8	16.9	6.3	20.0	36.7	25.2	25.3	37.9	25.3
Refinance	53	40.2	16.9	1.9	20.0	26.4	25.2	30.2	37.9	30.2

*Small Farm Loans*

Of the 61 small farm loans originated by the bank, 88.5% were made to farms with \$1 million or less in revenues, which was below the total 99.6% of small farms in the assessment area. Within Commercial & Savings’ assessment area, Farm Credit Services is a strong competitor in the farm lending business. In addition, the presence of the Amish community in the assessment area limits the opportunity to make small farm loans. Therefore, the bank’s lending to small farms was considered excellent.

Commercial & Savings’ small farm lending shows that a substantial majority of the bank’s farm loans (83.6%) were for loan amounts of \$100,000 or less. Smaller-size loans are generally commensurate with the borrowing needs of smaller farms. This further supports the bank’s level of lending to smaller farms and demonstrates that Commercial & Savings is meeting the credit needs of local farms.

The following table breaks down the borrower distribution of small business and small farm loans.

<b>Borrower Distribution of Small Loans to Businesses and Farms</b>							
<b>Assessment Area/Group: Non-MSA</b>							
	<b>Total Loans</b>		<b>Businesses/Farms with Revenues of \$1 million or less</b>		<b>Loans by Original Amount Regardless of Business/Farm Size</b>		
	<b>#</b>	<b>% of Total</b>	<b>% of Businesses/Farms</b>	<b>% Bank Loans</b>	<b>\$100,000 or Less</b>	<b>&gt;\$100,001 to \$250,000</b>	<b>&gt;\$250,001 to \$1,000,000 (Bus) - \$500k (farm)</b>
Small Business	187	53.9	87.8	90.9	69.5	19.3	8.6
Small Bus secured by RE	99	28.5	87.8	64.6	77.8	9.1	12.1
Small Farm	61	17.6	99.6	88.5	83.6	11.5	1.6

**Community Development Test**

Commercial & Savings’ community development performance demonstrates an excellent 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. Commercial & Savings supported community growth activities, which is especially important during weakened economic conditions, throughout its assessment area. A variety of services were conducted, including financial literacy classes, affordable housing support, and savings promotion programs.

***Community Development Loans***

The community development loans reviewed were originated from June 25, 2007 to July 13, 2009.

Commercial & Savings made 1 loan totaling \$1.6 million that qualified for community development purposes with the primary purpose being to provide services to low- and moderate-income individuals. The loan was used for constructing a Goodwill retail center that creates revenue for the organization to support its mission to provide services to low- and moderate-income individuals within the bank's assessment area. This is an excellent level of community development lending within the bank’s assessment area.

In addition, the bank further supported services for low- and moderate-income individuals by originating several vehicle loans which support Goodwill’s Wheels to Work program. These loans were considered as part of the bank’s overall lending test.

***Qualified Investments***

The bank made 14 donations totaling \$37,120, which is an adequate level of qualified investments within the bank’s assessment area. Of the 14 donations, 6% of the funds (\$2,370) supported seven donations made to the following four organizations for the purpose of providing community services for low- and moderate-income individuals:

- Viola Startzman Free Clinic – The VSFC is the only free clinic in Wayne County and provides health and dental care, medications, and laboratory testing at no charge to low-income (up to 200% of the federal household poverty level) uninsured Wayne County residents.
- 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.

Of the 14 donations, 88% of the funds (\$32,500) supported four donations made to the following three organizations for the purpose of economic development:

- Historic Downtown Millersburg – Promotes small business development.
- Holmes County Economic Development – Promotes small business development.
- Holmes County Education Foundation - Provides professional development grants that help to create jobs in the county.

The remaining 6% of funds (\$2,250) supported three donations made to Holmes County Habitat for Humanity for the purpose of affordable housing.

***Community Development Services***

The branch distribution is representative of the overall makeup of the geographies in the assessment area, as 8.0% of the tracts are designated as moderate-income tracts and 9.1% of both the bank’s branches and full-service ATMs are located in these tracts. In addition, the table below shows the total distribution of the bank’s branches and full-service ATMs compared to the families by tract income:

<b>Geography</b>	<b>Number of Branches</b>	<b>Percent</b>	<b>Number of ATMs (full service)</b>	<b>Percent</b>	<b>Percent of Families by Tract Income</b>
Moderate-income	1	9.1%	1	9.1%	9.4%
Middle-income	10	90.1%	10	90.1%	83.5%
Upper-income	0	0.00%	0	0.00%	7.1%
Totals	11	100.0%	11	100.0%	100.0%

Commercial & Savings’ employees reach out to the community through participation in various local community development organizations, in order to provide meaningful community development services to sectors of the community in need. The bank has an adequate level of community development services in its assessment area.

These services include serving on the boards of local organizations and offering a variety of financial services to these organizations. Although bank employees participate in meaningful capacities in various local organizations, only those participations providing explicit financial services to organizations with CRA-related purposes were given consideration in the bank’s CRA performance context. Commercial & Savings received consideration for the following community development services:

- Goodwill Industries – Two employees taught four classes on banking and budgeting.
- Goodwill Industries, Wheels to Work Program – This program allows low- to moderate-income individuals to obtain transportation to work. An employee serves as a liaison, with nonprofit agencies referring qualified applicants for a loan.
- Holmes County Habitat for Humanity – An employee serves as a board member and another employee serves on the family selection committee to provide financial analysis on whether the family can qualify for the loan to obtain the house.
- Ohio Saves – An employee volunteers out of the Ohio State University Extension. This program is to encourage Ohioans to save and is especially targeted to low- and moderate-income individuals.
- Voluntary Income Tax Assistance Program (VITA) – Two employees assist with tax return preparation assistance. This program is offered through the IRS to give tax return preparation assistance to low income families and individuals.

### **Response to Consumer Complaints**

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

### **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.

## APPENDIX A

### CRA GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**Block numbering area (BNA):** Statistical subdivisions of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

**Census tract:** Small subdivisions 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. They 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 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,

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

**Consumer loan:** A loan 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 of loans: motor vehicle, credit card, home equity, other-secured loan, and other-unsecured loan.

**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, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography:** A census tract or a block numbering area delineated by the U.S. 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:** Include 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 a geography.

**Limited review:** Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**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 lenders in the MSA/assessment area.

**Metropolitan area:** 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 thousand 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 a 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 a geography.

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

**Optional loans:** Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes consumer loans and other loan data an institution may provide concerning its lending performance.

**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 loans to business:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small loans to farms:** 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 thousand or less and are secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**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.

**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 a geography.

## APPENDIX B

### ASSESSMENT AREA MAP

Commercial and Savings Bank  
Assessment Area: Non-MSA

