

PUBLIC DISCLOSURE

October 18, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Killbuck Savings Bank Company
1017425

165 North Main St.
Killbuck, Ohio 44637

Federal Reserve Bank of Cleveland
Cleveland, Ohio

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: 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 are in the bank's assessment area;
- A reasonable geographic distribution of loans throughout the assessment area;
- A reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes given the demographics of the assessment area;
- No complaints received about the institution's performance in meeting assessment area credit needs; and,
- An adequate level of responsiveness to the community development needs of its assessment area through community development loans, investments, and services considering the institution's capacity and the need and availability of opportunities for community development in the assessment areas.

The previous CRA examination conducted October 6, 2008 resulted in a rating of "Satisfactory."

SCOPE OF EXAMINATION

This evaluation of Killbuck’s CRA performance included lending data from January 1, 2008 through June 30, 2010 and community development data from January 1, 2008 through October 12, 2010.

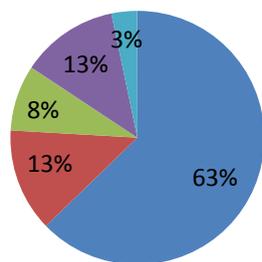
The loan products evaluated included small business, small farm, home purchase, home refinance, and home improvement loans. Consumer loans, including motor vehicle, home equity, credit card, unsecured, and secured loans, were not included in the evaluation, as they comprise a small portion of the bank’s lending portfolio.

The following table and charts illustrate the volume and distribution of loans originated during the evaluation period:

Number of Loans	Loan Type	Dollar Amount of Loans (000’s)
1,488	Small Business	\$124,099
311	Small Farm	\$11,290
199	Home Purchase	\$22,197
294	Home Refinance	\$36,098
78	Home Improvement	\$7,295
2,370	Total Loans	\$200,979

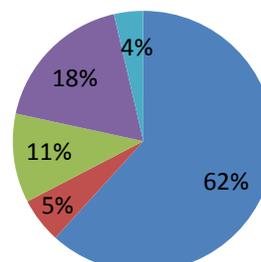
Originated Loans (#)

- Small Business
- Small Farm
- Home Purchase
- Home Refinance
- Home Improvement



Originated Loans (\$)

- Small Business
- Small Farm
- Home Purchase
- Home Refinance
- Home Improvement



Given the above distribution, small business loans received the greatest weight, followed by home refinance, home purchase, small farm, and home improvement loans.

The borrower distribution analysis under the lending test received greater weight than the geographic distribution analysis, since the assessment area is comprised almost entirely of middle-income tracts and included no low- or moderate-income tracts.

DESCRIPTION OF INSTITUTION

Killbuck Savings Bank Company (Killbuck) is headquartered in Killbuck, Ohio. Killbuck is owned by Killbuck Bancshares, Inc., a non-complex holding company. As of June 30, 2010, Killbuck reported \$376 million in total assets, which is approximately a \$40 million (12.0%) increase over the previous examination date. One quarter of the increase occurred in the lending portfolio, with the remainder occurring in the investment portfolio as a result of increased deposits.

At this evaluation, Killbuck had:

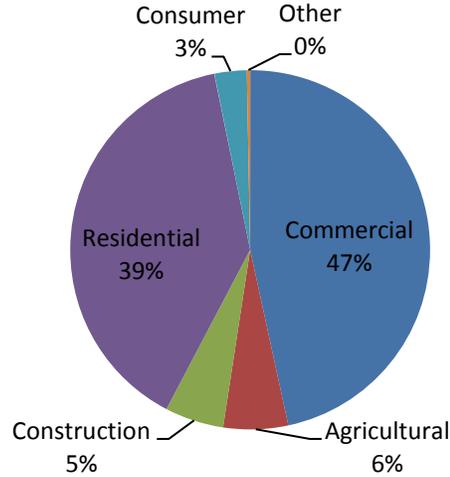
- Nine branch offices that all included automated teller machines (ATMs),
- One loan production office (LPO), and
- One cash-only ATM.

The main office is located at 165 North Main Street in Killbuck. The main office, five branch offices, the LPO, and the cash-only ATM are located in Holmes County, Ohio. Two branch offices are located in Knox County, Ohio and one branch office is located in Tuscarawas County, Ohio. The locations of the branches are indicated on the assessment area map in Appendix A. Killbuck has not opened or closed any branch offices since the previous examination.

Killbuck is a full-service retail bank offering business and consumer deposit accounts and commercial, agricultural, residential mortgage, and consumer loans. As of June 30, 2010, Killbuck had \$207 million in net loans and leases, which is approximately a \$9 million (4.5%) increase over the previous examination date and represents 55.0% of total assets. The following table and chart demonstrates the bank's loan portfolio composition as of June 30, 2010.

Loan Type	Percent of Total Loans
Commercial / Industrial & Non Farm Non-Residential Real Estate	46.6%
Loans for Agricultural Production & Secured by Farmland	5.8%
Construction & Land Development	5.3%
Secured by 1-4 Family Residential Real Estate	39.1%
Consumer Loans	2.9%
All Other Loans	.3%
Total (gross)	100.0%

Loan Portfolio Distribution



Killbuck's investment portfolio as of June 30, 2010 was \$143 million, which represents 38.0% of total assets. Investments in U.S. Treasuries and Agencies account for 48.0% of investments, while municipal securities comprise 27.0% of investments and bank balances and federal funds sold comprise 25.0% of investments.

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

DESCRIPTION OF ASSESSMENT AREA

Killbuck has delineated one assessment area for purposes of the CRA. The assessment area includes all of Holmes County, eight census tracts in eastern Knox County, one census tract in southern Ashland County, seven census tracts in southern Wayne County, four census tracts in western Tuscarawas County, and three census tracts in northern Coshocton County. All counties are in the nonmetropolitan area in the State of Ohio. A map of the assessment area is located in Appendix A. The assessment area has not changed since the previous examination.

The assessment area is comprised of 28 middle-income census tracts and one upper-income tract. There are no low- and moderate-income tracts within the bank's assessment area.

The three middle-income census tracts in Coshocton County were designated as distressed areas in 2008 due to an unemployment rate at least 1.5 times the national average. The census tracts lost this designation in 2009 due to an increase in the national average unemployment rate rather than a decline in the unemployment rate for the county.¹

Thirty financial institutions insured by the FDIC operate 165 branches in the counties included in Killbuck's assessment area. Based on the FDIC's deposit market share report as of June 30, 2009, Killbuck ranked seventh with a 5.9% deposit market share.² The top eight financial institutions accounted for 73.0% of the deposit market share, including:

Financial Institution	Deposit Market Share
PNC Bank NA (formerly National City Bank)	18.8%
Huntington National Bank	10.8%
Park National Bank	9.6%
FirstMerit Bank NA	8.5%
JP Morgan Chase Bank NA	7.8%
Commercial & Savings Bank Millersburg	5.9%
Killbuck Savings Bank Company	5.9%
Wayne Savings Community Bank	5.4%

Within the three counties (Holmes, Knox, and Tuscarawas) where the bank has branch offices, Killbuck ranked third with a 12.4% deposit market share, behind Park National Bank with a 16.1% deposit market share and Huntington National Bank with a 15.7% deposit market share. Within its primary county (Holmes), Killbuck ranked first with a 42.8% deposit market share.

1 www.ffiec.gov

2 <http://www3.fdic.gov/sod/index.asp>

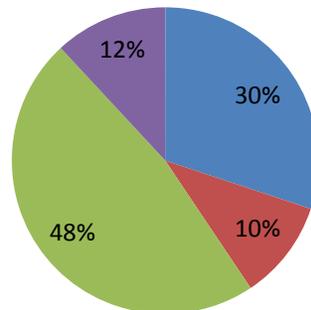
Population

The 2000 data released by the U.S. Bureau of the Census indicates the population within the bank's assessment area was 135,254. The population is primarily white not-Hispanic (97.9%), with the total minority population equal to 2.1%. No county within the assessment area has a minority population greater than 4.0%.

The population by age is distributed as follows:

Population by Age

■ 17 and younger ■ 18-24 ■ 25-64 ■ 65 and older



The population of Holmes County was 38,943. According to the Holmes County Chamber of Commerce, nearly half of the population is Amish.³ The Young Center for Anabaptist and Pietist Studies, Elizabethtown College, indicates that Holmes County has the second largest population of Amish in the world, just slightly behind Lancaster County, Pennsylvania.⁴

Lending opportunities to the Amish community are somewhat limited for 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 also provide a community means of providing financial assistance to its citizens. The Amish Aid Fund is a source of funding to help Amish families respond to needs ranging from illness or other medical needs, losses from fire or farm losses, home or farm purchases, and business loans. Members of more than 100 Amish congregations participate in maintaining the fund through private donations and fundraisers.

³ www.holmescountychamber.com

⁴ www2.etown.edu/amishstudies/Largest_Settlements_2010.asp

Income Characteristics

According to the 2000 Census, there were 45,069 households, of which 34,510 (76.6%) were designated as families. Of these families, 16.8% were low-income, 20.4% were moderate-income, 25.8% were middle-income, and 37.1% were upper-income. In the assessment area, 8.1% of the families were below the poverty level, just slightly higher than the State of Ohio at 7.8%.

The median family income for the assessment area was \$42,785 compared to the State of Ohio at \$50,037 and the non-metropolitan statewide area at \$43,801. According to the Department of Housing & Urban Development (HUD) for 2009, the median family income (MFI) for the nonmetropolitan areas had increased to \$53,800 and the State of Ohio's MFI to \$60,061.

Labor, Employment, and Economics

The following table illustrates land use in each county in the assessment areas:

County	Urban	Cropland	Pasture	Forest
Ashland	2%	48%	11%	37%
Coshocton	2%	20%	13%	65%
Holmes	1%	29%	18%	51%
Knox	4%	44%	13%	39%
Tuscarawas	5%	20%	10%	63%
Wayne	5%	60%	12%	23%
Average	3%	37%	13%	46%

The table indicates that half of the land is used for farming. The following table identifies the agriculture and livestock rankings by county in the State of Ohio:

	Ashland	Coshocton	Holmes	Knox	Tuscarawas	Wayne
Agriculture:						
Oats	5	13	1	12	14	2
Hay	15	10	2	9	7	1
Wheat	NA	51	50	36	48	37
Corn	41	52	53	39	58	33
Soybeans	43	56	60	41	61	42
Livestock:						
Cattle	13	10	3	22	4	1
Milk Cows	12	30	3	17	4	1
Sheep	10	14	6	1	20	5
Hogs/Pigs	32	19	44	34	43	9

The table indicates that Holmes and Wayne Counties are high producers of oats, hay, cattle, and milk cows. Discussions with community contacts that provide services to farmers identified several challenges facing farmers, including transitioning farms to younger generations, the cost of land, education on a wide range of farming topics, and product transportation issues for Amish farmers. Despite the importance of farming to the counties, families are turning to outside employment to supplement farming income and/or to obtain medical benefits that are too costly to purchase. Farmers have benefited from the emphasis on locally produced goods by regional restaurants and eco-friendly food chains. Shared community gardens have also grown in popularity, with individuals buying a share in a community garden that entitles them to a portion of the crop. Tourists purchase many food products grown in the counties primarily through roadside produce stands and local farmers' markets. Holmes County also has a weekly food auction in Mt. Hope that is attended by a wide range of individuals, restaurants, and businesses. The community contacts indicated that financing needs appear to be met primarily by locally based financial institutions, Farm Credit Services, and the Amish Aid Fund.

With half of the land used for farming and almost all the remaining land covered by forest, land available for business uses and residential properties is limited.

The assessment area had 3,874 small businesses and small farms according to the 2008 Dun & Bradstreet data. The top five businesses include retail trade (13.3%); other services (13.2%); agriculture and farming (12.9%); construction (12.3%); and manufacturing (6.8%). The majority of businesses (91.0%) have revenues of less than \$1 million annually. Most businesses (75.0%) have been in business for more than ten years, with 36.0% of those businesses more than 25 years.

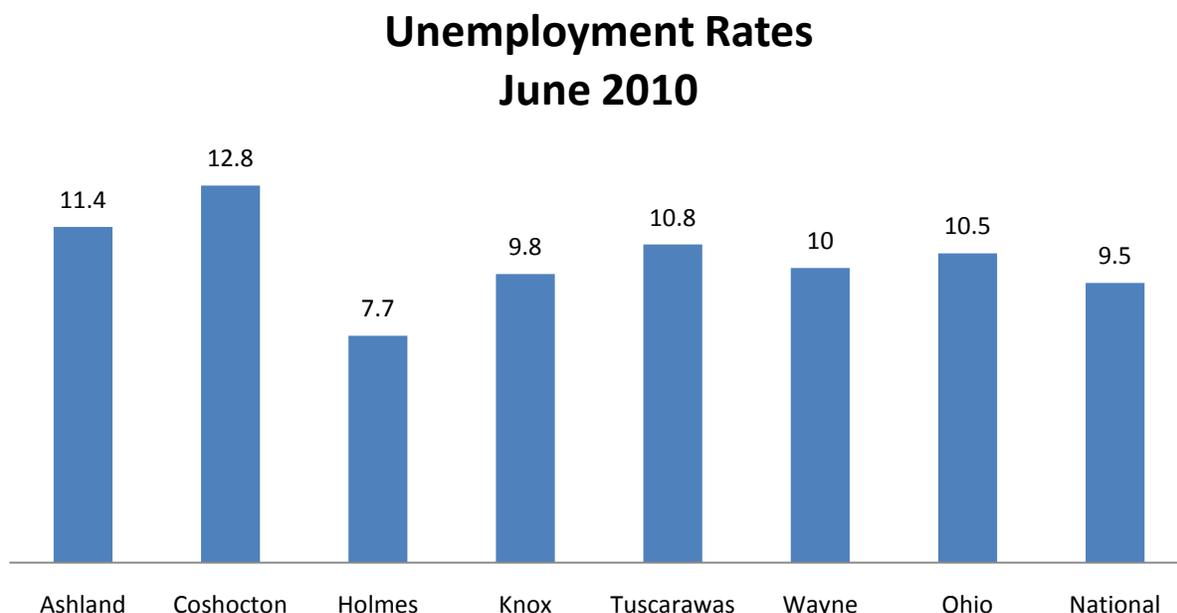
The following table identifies major employers for each county in the assessment area:

<p>Ashland:</p> <ul style="list-style-type: none"> • Ashland City Board of Education • Ashland University • Mansfield Plumbing Products LLC • McGraw-Hill Companies • Pentair Pump Group Inc. • Samaritan Regional Health Systems • State of Ohio • Step2 Co • WIL Research Laboratories LLC 	<p>Coshocton:</p> <ul style="list-style-type: none"> • AK Steel Holding Corp • American Electric Power Co. • Coshocton City Board of Education • Coshocton County Government • Kraft Foods Inc. • McWane Corp/Clow Water Systems • Riverview Local Board of Education • Smurfit-Stone Container Corp
<p>Holmes:</p> <ul style="list-style-type: none"> • Case Foods Inc. • Collins and Aikman Corp. • East Holmes Local Board of Education • Owens-Illinois Inc. • Pomerene Hospital • Sperry and Rice Manufacturing Corp. • Wayne-Dalton Corp. • Weaver Leather Goods Inc. • West Holmes Local Board of Education • Robin Industries 	<p>Knox:</p> <ul style="list-style-type: none"> • Ariel LTD. • JELD-WEN Inc. • Kenyon College • Knox Community Hospital • Kokosing Construction Co. • Mount Vernon Nazarene University • Mount Vernon City Board of Education • Rolls-Royce plc • State of Ohio • TRW Automotive Holdings

<p>Tuscarawas:</p> <ul style="list-style-type: none"> • Alamo Group/Gradall Industries • Allied Machine and Engineering • Dover City Board of Education • New Philadelphia Board of Education • Sanwa Shutter Corp/Genie Co. • Smurfit-Stone Container Corp. • Union Hospital. • Walmart Stores Inc. • Zimmer Holdings Inc. 	<p>Wayne:</p> <ul style="list-style-type: none"> • College of Wooster • Frito Lay Inc. • JM Smucker Co. • LuK Inc. • State of Ohio • Will-Burt Co. • Wooster Brush Co. • Wooster City Board of Education • Wooster Community Hospital • Worthington Industries/Gerstenslager Co.
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However, the counties in the assessment area have experienced job loss due to economic conditions over the period of the analysis, including the loss of Wilson Cabinet, 101 jobs at Rhino Rooms, 63 jobs at Felsted, and 67 jobs at Sperry and Rice. Numerous other small businesses have closed. In response, Holmes County created an Economic Development Council and has been successful in working to retain and expand companies to offset some of these losses. A community contact involving in promoting and supporting businesses in the assessment area identified that the area economic development councils and chambers of commerce have been successful in working with government programs and financial institutions to attract, retain, and expand businesses in the area. The contact further identified that individuals starting their own business due to job loss are in need of financial counseling and assistance to develop and implement their business ideas.

The following chart shows unemployment rates for June 2010 for each county in the assessment area, compared to the State of Ohio and national averages:



The chart shows that Holmes County has the lowest unemployment rate of all the counties and is substantially less than the State of Ohio and national averages. Most counties are on par with the state and national average, though Coshocton is substantially higher.

Housing

Killbuck's assessment area contains 49,021 housing units, of which 71.0% are owner-occupied, 21.0% are rental, and 8.0% are vacant. Single-family units comprise 78.8% of the housing units, while two-to-four family units comprise 6.7%, multi-family units comprise 2.8%, and mobile homes comprise 11.2%. Approximately 97.6% of the total housing units in the assessment area are in middle-income census tracts, with the remaining 2.4% in the upper-income area.

The median age of the housing stock within the assessment area is 33 years, while the median age in the middle-income tracts is 33 years, and the one upper-income tract is 29 years. The age of the housing stock varies greatly by county, with the average age in Holmes and Wayne Counties being 27 and 33 years, respectively, while in the other three counties, the housing stock has an average age of 37 to 41 years.

The median housing value ranged from \$77,100 in Coshocton County to \$114,800 in Holmes County, with an assessment area average of \$98,427. However, 48.7% of the owner-occupied units within the assessment area were valued at \$100,000 or more, with 23.9% valued at \$150,000 or more. In Holmes and Wayne Counties, 58.8% and 53.5% of the respective owner-occupied units were valued at \$100,000 or more.

Based on the median family income, about half of the homes in the assessment area would be considered affordable for low-income individuals and approximately 75.0% affordable for moderate-income individuals, using a mortgage payment equal to 30.0% of gross income. However, community contacts experienced with housing in the assessment area indicated there continues to be a need for affordable housing for both purchase and rental. While affordable housing is generally available, the condition of the housing, especially rental housing and mobile homes, is poor. The need for affordable housing is predominately in the western half of the county; however, the terrain in this portion of the county is less conducive to affordable housing. The eastern half of the county is predominately farmland and occupied by the Amish, who generally are able to build affordable housing for their members. Challenges related to affordable housing include a lack of developers building affordable housing and the cost of buildable land due to its use primarily as farmland or the terrain.

Home sales declined throughout 2007, 2008, and 2009, but began to increase early in 2010. However, home sales have begun to decline in the latter half of 2010.

The following table contains some relevant demographic data used in the performance evaluation:

Combined Demographics Report

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	5,781	16.8
Moderate-income	0	0.0	0	0.0	0	0.0	7,027	20.4
Middle-income	28	96.6	33,561	97.3	2,756	8.2	8,910	25.8
Upper-income	1	3.4	949	2.7	43	4.5	12,792	37.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	29	100.0	34,510	100.0	2,799	8.1	34,510	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	47,829	33,817	97.1	70.7	10,129	21.2	3,883	8.1
Upper-income	1,192	1,002	2.9	84.1	150	12.6	40	3.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	49,021	34,819	100.0	71.0	10,279	21.0	3,923	8.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	4,882	97.5	4,352	97.3	371	99.7	159	99.4
Upper-income	124	2.5	122	2.7	1	0.3	1	0.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	5,006	100.0	4,474	100.0	372	100.0	160	100.0
Percentage of Total Businesses:				89.4		7.4		3.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	715	96.2	714	96.2	1	100.0	0	0.0
Upper-income	28	3.8	28	3.8	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	743	100.0	742	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.9		0.1		0.0

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

The bank is rated satisfactory under the lending test.

Loan-to-Deposit Ratio

The following table shows Killbuck's quarterly loan-to-deposit (LTD) ratios for the eight quarters since the previous evaluation, along with the average LTD for the same period. The table includes the national peer ratio, as well as three local peer institutions. The custom peer group is the combined totals of the three local peer institutions.

Killbuck Savings Bank Company Loan-to Deposit Ratios						
As of Date	Bank Ratio	Peer Ratio	C&S ⁶	Wayne Savings	FNB ⁷	Custom Peer
June 30, 2010	63.4	80.4	92.9	77.9	61.4	77.4
March 31, 2010	64.2	80.8	93.9	79.3	61.8	78.3
December 31, 2009	64.7	82.7	93.8	81.0	65.7	80.2
September 30, 2009	69.1	84.8	102.5	84.8	64.6	84.0
June 30, 2009	69.5	86.0	104.9	81.9	62.8	83.2
March 31, 2009	69.4	86.8	103.4	82.1	66.6	84.0
December 31, 2008	69.3	89.3	102.2	82.1	66.9	83.7
September 30, 2008	68.8	91.1	102.6	81.3	78.0	87.3
Quarterly Loan-to-Deposit Ratio Average since the previous examination	67.3	85.2	99.5	81.3	66.0	82.3

The bank has averaged a 67.3% LTD ratio over the past eight quarters. The bank's ratios remained relatively consistent throughout the evaluation period. The slight decline occurred because deposits grew faster than loans during the evaluation period.

The bank's average LTD ratio is substantially below the national peer group average LTD ratio of 85.2%⁸ and the customer peer group average LTD ratio of 82.3%; however, national and peer groups have seen similar declines in their average ratio.

Bank management attributes their lower loan-to-deposit ratio to economic conditions and the bank's lending philosophy. With economic conditions, management has experienced individuals and businesses reducing debt and saving money. Businesses have been reluctant to expand, resulting in less borrowing to finance operations. The bank has maintained a conservative lending philosophy prior to and throughout the current economic crisis. The bank did not offer high loan-to-value mortgage products or non-traditional mortgage features offered by many competitors.

⁶ Commercial and Savings Bank, Millersburg, Ohio

⁷ First National Bank, Wooster, Ohio

⁸ Killbuck's national peer group consists of all commercial banks having assets between \$300 million and \$1 billion.

Killbuck’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs.

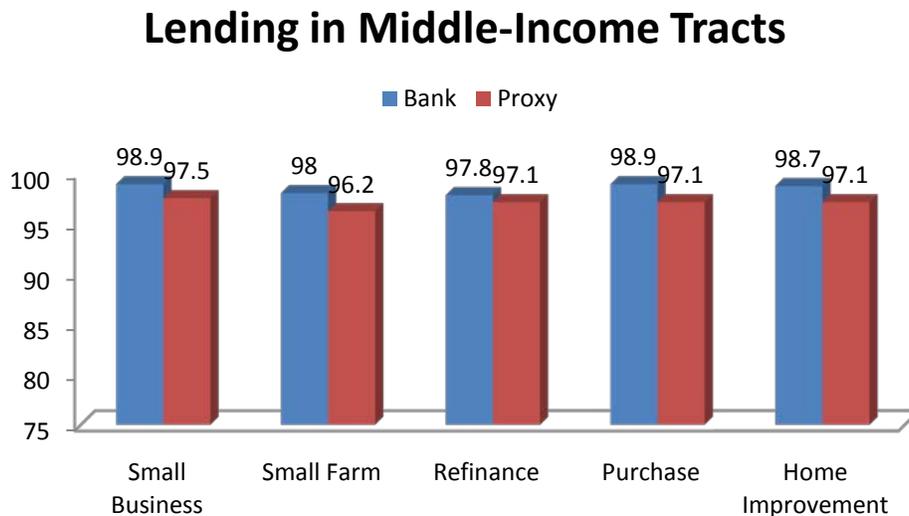
Lending in the Assessment Area

The table below depicts Killbuck’s volume of loans extended inside and outside of the bank’s assessment area during the evaluation period.

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Total Small Business	1,405	94.4	113,467	91.4	83	5.6	10,632	8.6
Total Small Farm	306	98.4	10,935	96.9	5	1.6	354	3.1
Home Purchase	184	92.5	20,739	93.4	15	7.5	1,458	6.6
Home Refinance	281	95.6	34,518	95.6	13	4.4	1,580	4.4
Home Improvement	75	96.2	7,037	96.5	3	3.8	258	3.5
Total Mortgage Loans	540	94.6	62,294	95.0	31	5.4	3,296	5.0
TOTAL LOANS	2,251	95.0	186,697	92.9	119	5.0	14,282	7.1

The table illustrates that a substantial majority of the bank’s loans, both by number and dollar amount, were made inside of its assessment area.

Geographic Distribution of Lending



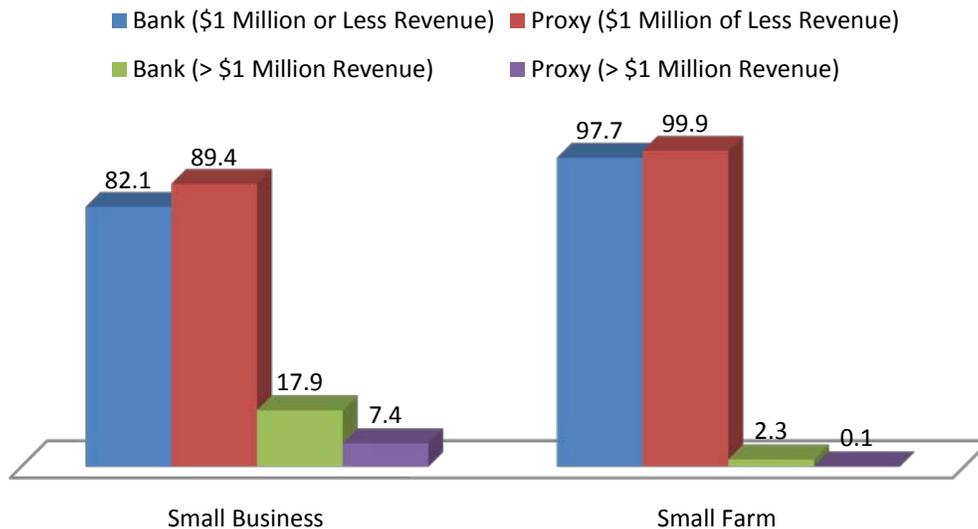
The chart shows that the bank originated a slightly higher percentage of loans than the percentages of businesses, farms, or owner-occupied housing units in middle-income tracts. Conversely, the bank originated a slightly lower percentage of loans than proxy in the upper-income tract. The upper-income tract is located in Wayne County, where the bank does not have any offices. A portion of the upper-income tract includes the Killbuck Marsh State Wildlife Area.

There were no gaps noted in the distribution of loans throughout the bank’s assessment area. Only one middle-income census tract in Wayne County had no lending during the evaluation period. This tract has a population of 282 with 34 housing units. The tract is primarily comprised of the Ohio State University Agricultural Technical Institute’s farm in Apple Creek, Ohio. As a result, lending opportunities for small business, small farm, and mortgage loans would be limited.

The geographic distribution of lending is reasonable when considering tracts within the assessment area are predominately middle-income (97.0%), with the remaining 3.0% (one tract) upper-income and no low- or moderate-income tracts. Refer to the tables in Appendix B for further information.

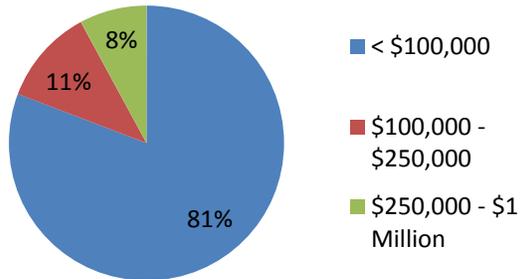
Borrower Distribution of Lending

Lending By Revenue Size

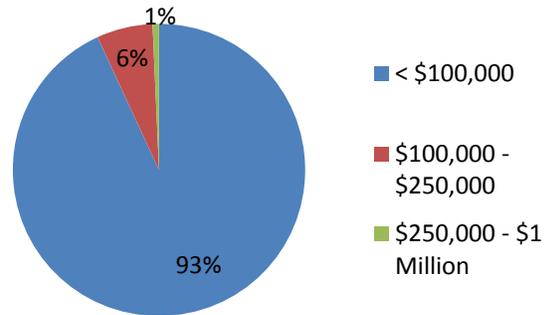


The chart shows the bank originated a slightly lower percentage of small business and small farms loans than the percentage of businesses and farms with revenues of \$1 million or less. The most notable difference is in the percentage of loans to businesses with more than \$1 million in revenue. Lending to small businesses and farms with \$1 million or less in revenue is good.

Percentage of Small Business Loans by Loan Size

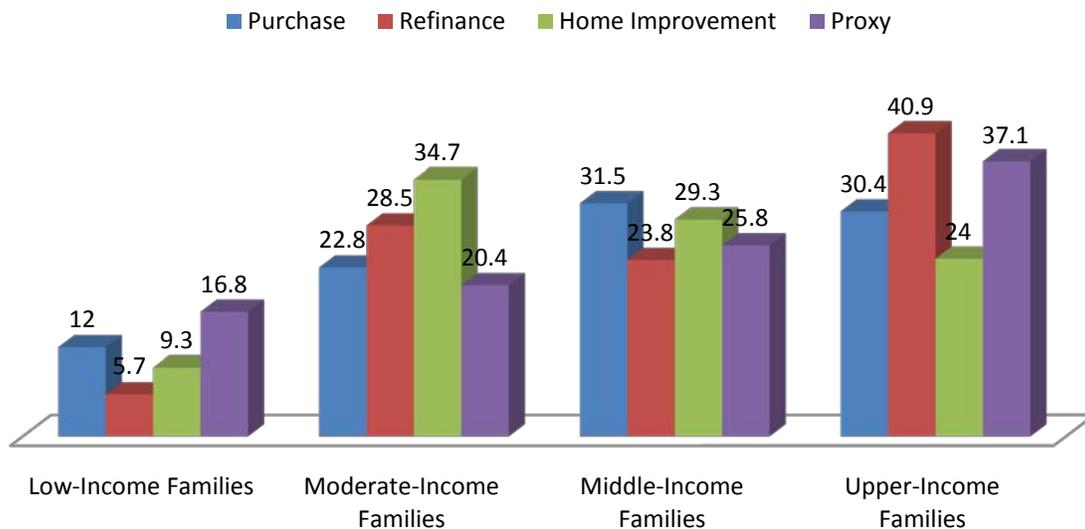


Percentage of Small Farm Loans by Loan Size



The charts illustrate the distribution of small business and small farm loans by loan size and reflect that the majority of the bank’s lending is for small dollar business and farm loans.

Lending by Family Income



The chart shows that the bank has originated a substantially lower percentage of home purchase, refinance, and home improvement loans to low-income families compared to the percentage of low-income families in the assessment area. However, only about half of the available housing stock is affordable for low-income families. Lending to low-income families is adequate.

Conversely, lending to moderate-income families for home purchase, refinance, and home improvement loans substantially exceeded the percentage of moderate-income families in the assessment area. Lending to moderate-income families is excellent.

Lending to middle- and upper-income families varied below or above the percentage of families in the assessment area depending on the loan type. However, lending for mortgage loans was overall on par with the percentage of middle- and upper-income families. Lending to middle- and upper-income families is good.

The analysis reflects a good distribution of loans to small businesses and small farms based on revenue and loan size, an adequate distribution of mortgage loans to low-income families, an excellent distribution of mortgage loans to moderate-income families, and a good distribution of mortgage loans to middle- and upper-income families. Overall, the borrower distribution of lending is reasonable. Refer to the tables in Appendix B for further information.

Response to Consumer Complaints

No CRA-related complaints were filed against Killbuck Savings Bank Company during this evaluation period.

Community Development Test

The bank is rated satisfactory under the community development test.

Killbuck's 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 needs and availability of such opportunities for community development in its assessment area.

Community Development Loans

Killbuck has demonstrated an adequate responsiveness to community development lending needs. The bank originated one community development loan totaling \$8,400 during this evaluation period. Most loans originated are considered under the lending test as a small business, small farm, home purchase, home refinance, or home improvement loan. Given that the assessment area has no low- or moderate-income tracts and that the majority of individuals are middle- or upper-income, opportunities for making loans that qualify as community development are limited.

Qualified Investments

Killbuck has demonstrated an adequate responsiveness to community development investment needs. The bank's qualified investments were primarily donations to community development organizations. The bank made 92 qualified donations during this evaluation period within its assessment area totaling \$70,765. The bank also makes qualified investments through its securities portfolio, such as investments in municipal and school bonds. The bank had one bond investment within its assessment area that qualified as community development totaling \$70,000. Opportunities for local bond investments are limited and not all such investments made by the bank qualify as community development. Investments within the assessment area during the examination period totaled \$140,765.

In addition, the bank makes donations and investments for community development purposes that benefit areas outside of its assessment area. For example three donations totaling \$4,636 benefited disaster relief activities in foreign countries. One investment totaling \$202,408 supported affordable housing targeted to low- and moderate-income individuals in the Cincinnati area.

Community Development Services

Killbuck has demonstrated an adequate responsiveness to community development service needs.

All of Killbuck's branches, its loan production office, and ATMs are located in middle-income tracts. There are no low- and moderate-income geographies within the bank's assessment area. Services are also available through online and telephone banking.

The bank's employees provide their financial expertise to local organizations that provide community development services to the community through board and committee memberships. Financial expertise is also provided through financial education programs at local schools including:

- How To Do Your Banking
- National Teach Children to Save Month
- Reality Store Day

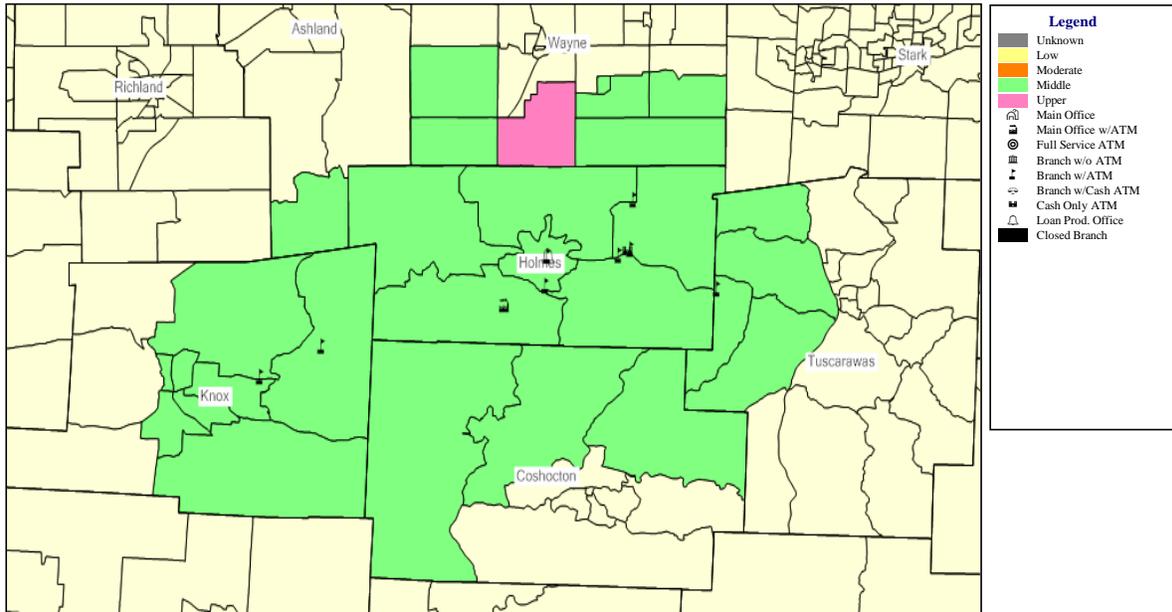
Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices was noted during this evaluation.

APPENDIX A

ASSESSMENT AREA MAP

The Killbuck Savings Bank Company
Assessment Area: NonMSA OH



APPENDIX B

Geographic Distribution of Small Loans to Businesses and Farms						
Assessment Area/Group: NonMSA OH						
	Total Loans		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Businesses/ Farms	% Bank Loans	% of Businesses/ Farms	% Bank Loans
Small Business	1,405	82.1	97.5	98.9	2.5	1.1
Small Farm	306	17.9	96.2	98.0	3.8	2.0

Geographic Distribution of Real Estate Loans						
Assessment Area(s): NonMSA OH						
	Total Real Estate Loans		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Owner Occ Units	% Bank Loans	% of Owner Occ Units	% Bank Loans
Home Improvement	75	13.9	97.1	98.7	2.9	1.3
Home Purchase	184	34.1	97.1	97.8	2.9	2.2
Refinance	281	52.0	97.1	98.9	2.9	1.1

Borrower Distribution of Small Loans to Businesses and Farms							
Assessment Area/Group: NonMSA OH							
	Total Loans		Businesses/Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total	% of Businesses/ Farms	% Bank Loans	\$100,000 or Less	>\$100,001 to \$250,000	>\$250,001 to \$1,000,000
Small Business	1,405	82.1	89.4	82.1	80.8	11.3	7.9
Small Farm	306	17.9	99.9	97.7	93.1	6.2	0.7

Borrower Distribution of Real Estate Loans										
Assessment Area(s): NonMSA OH										
	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 Improvement	75	13.9	16.8	9.3	20.4	34.7	25.8	29.3	37.1	24.0
Home Purchase	184	34.1	16.8	12.0	20.4	22.8	25.8	31.5	37.1	30.4
Refinance	281	52.0	16.8	5.7	20.4	28.5	25.8	23.8	37.1	40.9

APPENDIX C

GLOSSARY

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

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

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

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

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

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

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

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

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

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.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include 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.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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