

PUBLIC DISCLOSURE

December 6, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Metamora State Bank
RSSD #533227

120 East Main Street
Metamora, Ohio 43540

Federal Reserve Bank of Cleveland

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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

The major factors and criteria contributing to this rating include:

- A reasonable loan-to-deposit (LTD) ratio given the bank’s size, financial condition, and assessment area credit needs;
- A 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;
- A reasonable penetration among individuals of different income (including low- and moderate-income individuals) levels and an excellent level of lending to businesses of different sizes, including small businesses; and
- No complaints filed against the bank since the previous CRA examination.

The previous CRA examination as of December 5, 2005 resulted in an “Outstanding” performance rating.

SCOPE OF EXAMINATION

The CRA public evaluation is based on the bank's level of lending within its assessment area, including the distribution to borrowers of different income levels (particularly to low- and moderate-income borrowers) and to businesses of different revenue sizes. This evaluation is based on the loans originated between January 1, 2008 and June 30, 2010. The bank's performance was evaluated using the Interagency Small Bank Examination Procedures. Under this evaluation method, the bank is assessed by considering its lending activity throughout its assessment area. The lending test includes an analysis of the following:

- The loan-to-deposit (LTD) ratio;
- The volume of loans extended inside and outside the bank's assessment area;
- 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 to businesses and farms of different revenue sized, 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 area.

The lending products reviewed for this evaluation included home mortgage loans, small business loans, motor vehicle loans, and all other consumer loans (credit cards, unsecured, and CD/savings-secured loans). These specific categories of loans were chosen for review because of the volumes of these types of loans.

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) |
|------------------------|------------------|-------------------------------------------|
| 119 | Home Mortgage | \$11,391 |
| 123 | Small Business | \$10,299 |
| 72 | Motor Vehicle | \$792 |
| 122 | Other Consumer | \$2,120 |
| 436 | Total Loans | 24,602 |

Given the above distribution of loans, small business lending received the greatest weight in this analysis because these loans make up the primary loan product line and comprise 28.2% of the loans originated by volume and 48.1% by volume, followed by home mortgages (by dollar), other consumer and motor vehicle loans.

The borrower distribution analysis received greater weight than the geographic distribution analysis, since the assessment area is comprised primarily of middle- and upper-income tracts and included no low- and only one moderate-income tract.

DESCRIPTION OF INSTITUTION

Metamora State Bank (Metamora) is a full-service retail bank located in Metamora, Ohio. Metamora is owned by Metamora BC, a non-complex holding company. As of September 30, 2010, Metamora reported \$60.8 million in total assets, which represents an increase of approximately 4.6% since September 30, 2009.

Metamora is a retail lender with 70.7% of all loans secured by either commercial or residential real estate. Specifically, 3.2% are construction/development loans, 9.7% are other real estate loans (non-farm non-residential, farmland, multifamily) and 57.8% are secured by 1-4 family residential properties. Commercial and industrial loans represent 13.8% of the bank's loan portfolio and agricultural and consumer loans represent 12.1 and 2.5% of the loan portfolio, respectively.

The main office is located at 120 East Main Street in Metamora, Ohio. There is one other branch located at 8282 Erie Street in Sylvania, Ohio. The bank operates a full-service Automated Teller Machine (ATM) at each of these offices. Metamora has not closed or opened any branches since the previous evaluation, nor has the bank altered its business focus.

Effective October 2010, Metamora has expanded its assessment area from the previous 12 census tracts in order to properly reflect the areas in which the bank was lending. The bank has experienced a shift in lending patterns east toward Toledo. Metamora's assessment area now consists of 32 census tracts (one moderate-income tract, 18 middle-income tracts, and 13 upper-income tracts). The bank's assessment area contains only parts of different metropolitan statistical areas (MSAs) that are contiguous and based on branch locations and immediate outlining areas. The tracts are in the Monroe, MI MSA 33780(one tract), the Toledo, OH MSA 45780 (28 tracts), and the Lenawee County, MI nonmetropolitan area (three tracts).

Although the assessment area is comprised of tracts outside the Toledo MSA, it is considered to be in compliance, as the additional tracts do not go substantially beyond the Toledo MSA border. Thus, for the purposes of this review, the assessment area will be referred to as the Toledo assessment area. Two of the three tracts located in the Lenawee County nonmetropolitan area are distressed. Both the main office and the branch are located within the Toledo, OH MSA. The main office is located in a middle-income census tract and the Sylvania branch is located in an upper-income census tract.

Metamora competes with several national and regional financial institutions in providing retail banking services within its assessment area and there are no legal or other impediments preventing the bank from meeting the community's credit needs.

| KEY FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2010 | In Thousands |
|----------------------------------------------------|--------------|
| Total Assets | 60,757 |
| Total Deposits | 54,957 |
| Net Loans & Leases | 44,061 |
| Loans Secured By Real Estate | 31,517 |
| Consumer Loans | 1,112 |
| Commercial Loans | 6,814 |

Based on Metamora's asset size and financial condition, the bank has the ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA

The Toledo MSA 45780 located in northwest Ohio is comprised of Fulton, Lucas, Ottawa, and Wood Counties. However, as previously mentioned, the bank's assessment area is comprised of portions Fulton and Lucas Counties in the State of Ohio and portions of Monroe and Lenawee Counties in the State of Michigan. Within the assessment area, there is one moderate-income tract, 18 middle-income tracts, and 13 upper-income tracts. There are no low-income census tracts within the bank's assessment area.

According to the FDIC Summary of Deposits,¹ as of June 30, 2010, Metamora's overall deposit share in the Toledo MSA was 0.54 %, which ranks the bank at 16th in the MSA's market share. However, it should be noted that Metamora is a small bank with assets of less than \$250 million and most of the bank's major competitors within the Toledo MSA are financial institutions with assets of more than \$250 million. Some of the bank's competitors include, but are not limited to, Huntington National Bank, Fifth Third Bank, Key Bank NA, and PNC Bank. Offices of 26 financial institutions serve the four-county area, with Metamora ranked 19th with 0.51% of the market share.

In Fulton County, one community contact was conducted with a non-profit organization located in Wauseon, Ohio. The contact indicated that there were no specific unmet needs.

Population Characteristics

The population within the assessment area totaled 147,193 (based on 2000 U.S. Census data) of which 17.7% were low-income households, 13.8% were moderate-income households, 17.9% were middle-income households, and 50.7% were upper-income households.

In the estimates provided by the U.S. Census,² the population of the four counties with tracts in the bank's assessment area has increased by 2.2%. The following table illustrates the population estimates for the four counties in 2009 as compared to the population in 2000.

| County Name | 2000 Population | Estimated 2009 Population | Percentage Change |
|---------------|-----------------|---------------------------|-------------------|
| Fulton | 42,084 | 42,402 | 0.8% |
| Lenawee | 98,947 | 99,837 | 0.9% |
| Lucas | 455,056 | 463,493 | 1.9% |
| Monroe | 145,945 | 152,721 | 4.6% |
| <i>Totals</i> | <i>742,032</i> | <i>758,453</i> | <i>2.2%</i> |

Income Characteristics

Based on the 2000 U.S. Census, the median household income for the Toledo MSA is \$42,686 and the median family income is \$51,882. Comparatively, the median household income for the

1 www.fdic.gov/sod

2 <http://quickfacts.census.gov/qfd/index.html>

assessment area is \$49,043 and the median family income is \$60,368. The following table illustrates the estimated changes in median family income for the four counties in the assessment area from 2005 to 2009.³

| County Name | 2000 Median Family Income | Estimated 2009 Inflation Adjusted Median Family Income |
|-------------|---------------------------|--------------------------------------------------------|
| Fulton | \$50,952 | \$58,398 |
| Lenawee | \$53,661 | \$60,697 |
| Lucas | \$48,190 | \$55,278 |
| Monroe | \$59,659 | \$67,257 |

The 2009 median family income for Fulton and Lucas counties is similar to the state of Ohio's (\$59,208). The 2010 median family income for Lenawee and Monroe Counties is similar to the State of Michigan's (\$60,635).

In 2000, 7.6% of households lived in poverty within the assessment area, which was below the statewide figures for Ohio (10.7%) and Michigan (10.1%). The percentage of families living in poverty in the bank's assessment area was 4.8%, which is less than the percentage of families living in poverty in Ohio (7.8%) and Michigan (7.4%). Just over 2.0% of people in the bank's assessment area receive public assistance. According to the United States Department of Agriculture, poverty rates increased within the counties of the bank's assessment area from 2000 to 2008. Although the percentage of families living below poverty level in the bank's assessment area is below the average for the counties within the assessment and the states of Ohio⁴ and Michigan⁵, the poverty level is still a factor in the performance context and is taken into consideration regarding the bank's performance.

The following table shows poverty rates in the four counties in 2000 and 2008 compared to their respective states.

| Geography | Percentage of Persons in Poverty 2000 | Percentage of Persons in Poverty 2008 |
|--------------------------|---------------------------------------|---------------------------------------|
| Fulton | 5.4% | 7.8% |
| Lucas | 13.9% | 18.6% |
| <i>State of Ohio</i> | 10.6% | 13.3% |
| Lenawee | 6.7% | 13.1% |
| Monroe | 7.0% | 10.1% |
| <i>State of Michigan</i> | 10.5% | 14.4% |

Housing Characteristics

There were 60,695 housing units in the assessment area according to 2000 Census data. Owner-

3 <http://factfinder.census.gov>, 2005-2009 American Community Survey 5-Year Estimates

4 <http://quickfacts.census.gov/qfd/states/39000.html>

5 <http://quickfacts.census.gov/qfd/states/26000.html>

occupied properties comprised 71.6% of the units. The owner-occupancy for the area was higher than Ohio's rate of 69.1% but lower than Michigan's rate of 73.8%. Of the housing units, 83.5% were one-to-four family dwellings, 16.5% were multi-family dwellings, and 3.62% were mobile homes.

In Fulton County, one out of every 889 houses had a foreclosure filing in November 2010.⁶ In Lucas County during the same time, one out of every 349 houses had a foreclosure. In Monroe County during the same time frame, one out of every 257 houses had a foreclosure and in Lenawee County, one out of every 373 houses had a foreclosure.

The housing affordability ratio for the assessment area was 38.0%. This ratio is calculated by dividing the median household income by the median housing value. The housing affordability ratio for the assessment area is just below the ratios for the states of Ohio and Michigan (both 40.0%). This indicates that owning a home in the assessment area is slightly more of a challenge for low- and moderate-income level borrowers in the assessment area than the states of Ohio and Michigan as a whole. The median housing value for the assessment area was \$121,795, which is above the median housing values for Ohio and Michigan (\$100,500 and \$110,300, respectively).

Within the four counties in the assessment area, the highest median housing value was in Monroe County while the lowest was in Lucas County. The median housing values for the counties in the assessment area are provided in the table below.

| Geography | Median Housing Value |
|------------------|-----------------------------|
| Fulton | \$104,000 |
| Lenawee | \$110,300 |
| Lucas | \$88,500 |
| Monroe | \$126,600 |

The median age of housing in the assessment area according to the 2000 Census data was 33 years. This was comparable to the states of Ohio and Michigan, which were 38 and 35 years, respectively. The median housing age by county and state are included in the table below.

| Geography | Median Age of Housing |
|--------------------------|------------------------------|
| Fulton | 37 |
| Lucas | 43 |
| <i>State of Ohio</i> | 38 |
| Lenawee | 41 |
| Monroe | 34 |
| <i>State of Michigan</i> | 35 |

The vacancy rate for housing in the assessment area was 4.5%, which is lower than both the state of Ohio and Michigan (7.1 and 10.6%, respectively). The vacancy rate was highest in Lenawee County at 9.7% and lowest in Fulton County at 4.6%.

6 www.realtytrac.com

According to information from the Toledo Board of Realtors, home sales declined by approximately 7.5% from 2009 through November 30, 2010. The average sales price of a home increased by 1.5% from \$103,467 to \$104,971.⁷ In November 2010, 432 single-family homes were sold in northwest Ohio with an average sales price of \$92,292. Only 53.01% entailed some form of lender financing, while 41.67% were purchased with cash.⁸ The decline in home sales and large percentage of cash sales limits the ability of banks to generate home purchase loans, particularly lenders that do not have a major presence in the market.

The median gross rent in the assessment area was \$535 in 2000, which was higher than Ohio's at \$515, but lower than Michigan's at \$546. Both Fulton and Lucas Counties had lower median gross rent (\$484), as did the Toledo, OH MSA (\$488). The median gross rent for the four counties in the assessment area are included in the table below.

| Geography | Median Gross Rent |
|-----------|-------------------|
| Fulton | \$484 |
| Lenawee | \$517 |
| Lucas | \$484 |
| Monroe | \$549 |

Rental units represented 24.0% of the units in the assessment area. Rental costs were greater than 30.0% of income for 34.3% of the assessment area's renters, which is an indication that rents are about the same in the assessment area as compared to the state of Ohio, where rental costs were greater than 30.0% of income for 33.8% of renters, and the state of Michigan, where rental costs were greater than 30.0% of income for 34.6% of renters.

Labor, Employment, and Economic Characteristics

According to Ohio Department of Development⁹, a majority of the land in the bank's assessment area is designated as crop land. In Fulton County, the largest employment sectors are manufacturing and trade, transportation, and utilities, with workers earning an average of \$797 and \$564 per week, respectively. In Lucas County, the largest employment sectors are trade, transportation, and utilities and education and health services, with workers earning an average of \$609 and \$775 per week, respectively.

Below are the unadjusted unemployment rates from October 2010¹⁰ for the counties in the bank's assessment area.

7 <http://www.ohiorealtors.org/news/stats/2010/nov.pdf>

8 <http://www.toledorealtors.com>, National Association of REALTORS - Real Estate Trend Indicator, Northwest Ohio Real Estate Information Systems, Inc.

9 <http://development.ohio.gov/research/files/s0.htm>

10 http://www.milmi.org/admin/uploadedPublications/1700_Local1010.pdf,
<http://lmi.state.oh.us/laus/ColorRateMap.pdf>

| Geography | Unemployment Rate |
|------------------|--------------------------|
| Fulton | 9.7% |
| Lenawee | 13.2% |
| Lucas | 10.8% |
| Monroe | 11.5% |

The unemployment rates were similar to the counties' respective states' rates of 9.5% (Ohio) and 12% (Michigan) as of October 2010. All of the counties' unemployment rates are higher than the national rate of 9%.

Some major employers in the bank's assessment area are Bil-Jax, Inc. (manufacturing, Fulton County), ConAgra, Inc. (manufacturing, Fulton County), ProMedica Health System (health services, Lucas County), Mercy Health Partners (health services, Lucas County), Mercy-Memorial Hospital System (health services, Monroe County), DTE Energy (utility, Monroe County), Inteva Products, LLC (manufacturing, Lenawee County), and Tecumseh Products Company (manufacturing, Lenawee County).

Because of labor surpluses, both Fulton and Lucas Counties have been designated as Priority Investment Areas by the Ohio Department of Development. As such, the counties can be eligible for state incentives to address economic development. In Michigan, eligible businesses located in Lenawee or Monroe County are eligible for Border County tax incentives.¹¹

The following demographic table illustrates the assessment area.

¹¹ www.michiganadvantage.org, Michigan Economic Development Corporation

Combined Demographics Report

Metamora State Bank

Assessment Group(s): Overall

| 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 | 5,440 | 13.6 |
| Moderate-income | 1 | 3.1 | 1,836 | 4.6 | 195 | 10.6 | 6,007 | 15.0 |
| Middle-income | 18 | 56.3 | 19,515 | 48.7 | 1,179 | 6.0 | 8,472 | 21.1 |
| Upper-income | 13 | 40.6 | 18,752 | 46.8 | 553 | 2.9 | 20,184 | 50.3 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 32 | 100.0 | 40,103 | 100.0 | 1,927 | 4.8 | 40,103 | 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 | 3,184 | 1,478 | 3.4 | 46.4 | 1,498 | 47.0 | 208 | 6.5 |
| Middle-income | 31,278 | 21,363 | 49.2 | 68.3 | 8,459 | 27.0 | 1,456 | 4.7 |
| Upper-income | 26,233 | 20,595 | 47.4 | 78.5 | 4,584 | 17.5 | 1,054 | 4.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 60,695 | 43,436 | 100.0 | 71.6 | 14,541 | 24.0 | 2,718 | 4.5 |
| | 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 | 139 | 2.1 | 129 | 2.2 | 8 | 1.4 | 2 | 1.0 |
| Middle-income | 3,254 | 48.8 | 2,878 | 48.8 | 278 | 47.9 | 98 | 50.8 |
| Upper-income | 3,272 | 49.1 | 2,885 | 49.0 | 294 | 50.7 | 93 | 48.2 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,665 | 100.0 | 5,892 | 100.0 | 580 | 100.0 | 193 | 100.0 |
| Percentage of Total Businesses: | | | 88.4 | | 8.7 | | 2.9 | |
| | 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 | 4 | 1.3 | 4 | 1.3 | 0 | 0.0 | 0 | 0.0 |
| Middle-income | 205 | 65.7 | 200 | 65.6 | 5 | 71.4 | 0 | 0.0 |
| Upper-income | 103 | 33.0 | 101 | 33.1 | 2 | 28.6 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 312 | 100.0 | 305 | 100.0 | 7 | 100.0 | 0 | 0.0 |
| Percentage of Total Farms: | | | 97.8 | | 2.2 | | 0.0 | |

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**Loan-to-Deposit Ratio**

A financial institution's loan-to-deposit (LTD) 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 dividing the institution's quarterly net loans by the quarterly total deposits. Metamora's peer group consists of all insured commercial banks having assets between \$50 and \$100 million with three or more full service banking offices and located in a metropolitan statistical area.

Metamora's LTD ratio is considered reasonable given the bank's size, financial condition, and assessment area credit needs. The bank averaged 88.7% over the last 19 quarters ending as of June 30, 2010, which is above the peer group average ratio of 77.5%. The following table illustrates Metamora's quarterly loan-to-ratios for each quarter since the previous examination, including the average loan-to-deposit ratios for the same period:

| Loan-to-Deposit Ratios | | | | |
|------------------------------------------------------------------------------|---------------------------|--------------------------------|-------------------|-------------------|
| As of Date | Net Loans \$(000s) | Total Deposits \$(000s) | Bank Ratio | Peer Ratio |
| June 30, 2010 | 44,530 | 54,404 | 81.85 | 73.10 |
| March 31, 2010 | 44,500 | 53,455 | 83.25 | 72.54 |
| December 31, 2009 | 46,307 | 54,595 | 84.82 | 74.47 |
| September 30, 2009 | 46,128 | 52,308 | 88.19 | 75.93 |
| June 30, 2009 | 46,613 | 54,163 | 86.06 | 76.83 |
| March 31, 2009 | 46,881 | 52,454 | 89.38 | 76.56 |
| December 31, 2008 | 46,958 | 50,951 | 92.16 | 79.73 |
| September 30, 2008 | 47,178 | 51,831 | 91.02 | 79.72 |
| June 30, 2008 | 47,404 | 49,912 | 94.98 | 79.59 |
| March 31, 2008 | 45,548 | 51,313 | 88.77 | 76.09 |
| December 31, 2007 | 46,928 | 51,628 | 90.90 | 77.85 |
| September 30, 2007 | 45,897 | 49,964 | 91.86 | 80.15 |
| June 30, 2007 | 44,397 | 48,515 | 91.51 | 78.96 |
| March 31, 2007 | 42,989 | 49,052 | 87.64 | 78.27 |
| December 31, 2006 | 41,636 | 48,135 | 86.50 | 77.84 |
| September 30, 2006 | 41,786 | 48,876 | 85.49 | 79.20 |
| June 30, 2006 | 41,981 | 47,805 | 87.82 | 79.14 |
| March 31, 2006 | 39,556 | 43,551 | 90.83 | 78.60 |
| December 31, 2005 | 39,991 | 43,482 | 91.97 | 78.02 |
| Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation | | | 88.68 | 77.50 |

Metamora's LTD ratio is taken from the above table and compared to the following competitor banks: State Bank and Trust Company, Defiance, Ohio; Waterford Bank NA, Toledo, Ohio; and National Bank of Oak Harbor, Oak Harbor, Ohio. Waterford Bank NA has 3.1% of the market share and the remaining two peer banks each have less than 1.0% of the market share, similar to Metamora. The banks were chosen as peers because of the number of branches in Metamora's market area and comparable market share. State Bank and Trust Company was specifically selected as a peer bank comparison because Metamora's management noted it as a significant competitor. Reviewing the ratios below, it appears Metamora LTD ratio is comparable to these local peers relative to its capacity to lend.

| Institution Name | RSSD ID | Financial Information as of September 30, 2010 | | |
|------------------------------|---------|------------------------------------------------|----------------------|----------------|
| | | Total Assets | Net Loans and Leases | Total Deposits |
| Metamora State Bank | 533227 | 60,757 | 44,061 | 54,957 |
| State Bank and Trust Company | 614313 | 670,848 | 434,218 | 523,310 |
| Waterford Bank NA | 3588424 | 296,492 | 192,659 | 261,858 |
| National Bank of Oak Harbor | 378026 | 203,339 | 140,324 | 171,125 |

| Local Peer Bank Loan-to-Deposit Ratios | | | | |
|----------------------------------------|--------------|--------------------|---------------|----------------|
| As of Date | Metamora LTD | State BK & TR. LTD | Waterford LTD | Oak Harbor LTD |
| June 30, 2010 | 81.85 | 91.84 | 72.85 | 83.68 |
| March 31, 2010 | 83.25 | 89.69 | 86.73 | 82.58 |
| December 31, 2010 | 84.82 | 93.77 | 90.61 | 87.74 |
| September 30, 2009 | 88.19 | 91.93 | 83.36 | 80.53 |
| June 30, 2009 | 86.06 | 94.34 | 83.90 | 78.59 |
| March 31, 2009 | 89.38 | 89.54 | 80.26 | 84.29 |
| December 31, 2008 | 92.16 | 92.30 | 79.57 | 87.14 |
| September 30, 2008 | 91.02 | 96.80 | 74.71 | 85.10 |
| June 30, 2008 | 94.98 | 98.62 | 85.07 | 84.72 |
| March 31, 2008 | 88.77 | 92.36 | 89.07 | 88.20 |
| December 31, 2007 | 90.90 | 93.90 | 69.55 | 87.06 |
| September 30, 2007 | 91.86 | 91.83 | 36.67 | 88.34 |
| June 30, 2007 | 91.51 | 91.42 | NA | 89.73 |
| March 31, 2007 | 87.64 | 88.13 | NA | 85.20 |
| December 31, 2006 | 86.50 | 85.61 | NA | 83.27 |
| September 30, 2006 | 85.49 | 84.90 | NA | 86.94 |
| June 30, 2006 | 87.82 | 86.43 | NA | 87.52 |
| March 31, 2006 | 90.83 | 81.24 | NA | 94.19 |
| December 31, 2005 | 91.97 | 79.03 | NA | 99.60 |
| Quarterly LTD Average Ratio | 88.68 | 90.19 | 77.70 | 86.55 |

Loans in Assessment Area

The following table depicts Metamora’s volume of lending extended inside and outside of the bank’s assessment area during this evaluation period.

| 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 | 94 | 76.4 | 8,189 | 79.5 | 29 | 23.6 | 2,110 | 20.5 |
| Motor Vehicle | 60 | 83.3 | 702 | 88.7 | 12 | 16.7 | 90 | 11.3 |
| Other Consumer | 97 | 79.5 | 1,822 | 86.0 | 25 | 20.5 | 298 | 14.0 |
| HMDA | 72 | 60.5 | 7,087 | 62.2 | 47 | 39.5 | 4,304 | 37.8 |
| Total | 323 | 74.1 | 17,800 | 72.4 | 113 | 25.9 | 6,802 | 27.6 |

The table illustrates a majority of the bank’s loans were originated inside the bank’s assessment area. This level of lending indicates the bank’s willingness to serve the credit needs of its assessment area.

Geographic Distribution of Lending

Metamora’s geographic distribution of loans reflects a reasonable dispersion throughout the assessment area. However, based on the bank’s office location, the concentration of lending is expected to be in the middle- and upper-income geographies. The bank has made a good effort in lending in all of the tracts in its assessment area as there are no gaps in lending.

The geographic distribution of loans was analyzed to determine the bank’s lending patterns among census tracts within its assessment area. As previously discussed, there are no low-income census tracts in the bank’s assessment area and only one moderate-income tract. The moderate-income tract is located some distance from either of the bank’s offices, with offices of other local and regional banks in closer proximity. The bank has two distressed middle-income tracts in its assessment area (both are located in Lenawee County and experiencing high unemployment rates); however, there are no underserved middle-income tracts in the bank’s assessment area.

Small Business Loans

The bank originated 94 small business loans during the evaluation period totaling \$8.2 million. Of the 94 loans originated, the bank originated three (3.2%) loans in the moderate-income tract which is excellent compared to the 2.1% of businesses located in the moderate-income tract. The bank originated 50% of its small business loans middle-income tracts, and 46.8% were in the upper-income tracts. This level of lending, again exceed the percentage of business located within the middle- and upper-income tracts at 48.8% and 49.1%, respectively. Based on this analysis, the bank’s distribution of small business lending is considered excellent.

Home Mortgage Loans

The bank originated 72 home mortgage loans (comprised of purchases, refinances, home improvements, and multi-families) during this evaluation period totaling \$7.1million. Of these loans, none were made in the moderate-income tract, although there is a slight percentage of owner occupied units of 3.4% in this tract.

The bank originated 66.7% of its mortgage loans in middle-income tracts, which exceeds the percentage of owner occupied units at 49.2% within these tracts. In addition, the bank originated 33.3% loans in the upper-income tracts, which is less than the percentage of owner occupied units of 47.4% in these geographies. Based on this analysis and information in the performance context, the bank has an adequate dispersion of home mortgage lending throughout the assessment area.

Other Consumer Loans

The bank originated 97 other consumer loans totaling \$1.8 million within its assessment area. The bank originated no loans in the moderate-income tract, which was less than the percentage of households at 5.1% in this geography.

The bank originated 60.8% of its loans in the middle-income tracts, which exceeds the percentage of households at 51.4%. Loans made in the upper-income tracts at 39.2%, which is less than the household in those tracts at 43.5%.

Based on this analysis, the distribution of other consumer lending is considered adequate.

Motor Vehicle Loans

The bank originated 60 motor vehicle loans totaling \$702,000 for the evaluation period. Of the 60 loans originated, only one (1.7%) was made in a moderate-income tract, which is below the percentage of households in the moderate-income tract (5.1%).

The bank originated 60% of its loans in the middle-income tract, which exceeds the percentage of households at 51.4% within these geographies. In the upper-income tracts, the bank originated 38.3% of its loans, which is less than the percentage of households at 43.5%.

Based on this analysis, the distribution of motor vehicle loans is considered adequate.

The table below represents geographic distribution of lending of the consumer loans.

| Geographic Distribution of Consumer Loans | | | | | | | | |
|-------------------------------------------|----------------------|------------|-----------------------------|--------------|---------------------------|--------------|--------------------------|--------------|
| Assessment Area/Group: Overall | | | | | | | | |
| | Total Consumer Loans | | Moderate-Income Geographies | | Middle-Income Geographies | | Upper-Income Geographies | |
| | # | % of Total | % of Hhlds | % Bank Loans | % of Hhlds | % Bank Loans | % of Hhlds | % Bank Loans |
| Motor Vehicle | 60 | 38.2 | 5.1 | 1.7 | 51.4 | 60.0 | 43.5 | 38.3 |
| Other Consumer | 97 | 61.8 | 5.1 | 0.0 | 51.4 | 60.8 | 43.5 | 39.2 |

Borrower Distribution of Lending

Because there are no low-income census tracts and only one moderate-income census tract in the bank’s assessment area, the bank’s lending patterns regarding the distribution of credit among borrowers of different income levels (particularly low- and moderate-income) and to businesses of different revenue sizes (particularly small businesses) received the most weight in relation to performance context. Overall, Metamora has a reasonable distribution of lending to borrowers of different income levels (especially low- and moderate-income) and an excellent distribution of lending to small businesses.

Small Business Loans

The bank originated 94 loans to businesses with revenues of \$1 million or less, which is 100.0% of the bank’s business loans. This is compared to the 88.4% of small businesses in the bank’s assessment area. The loan size was also considered, as smaller loans are generally commensurate with the borrowing needs of smaller businesses. This review showed that 67% of the small business loans were for loan amounts of \$100,000 or less, indicating the bank’s willingness to make smaller dollar loans. Based on this analysis, the bank’s lending to small businesses is considered excellent.

Home Mortgage Loans

The bank originated 72 home mortgage loans during this evaluation period (comprised of purchases, refinances, home improvements, and multi-families). Of these loans, four (5.6%) were made to low-income borrowers, which is significantly less than the percentage of families in the assessment area at 13.6%. The bank originated 19 loans (26.4%) moderate-income borrowers, which exceeds the percentage of families at 15%.

The bank originated 22.2% of its home mortgage loans to middle-income borrowers, which exceeds the percentage of families living in the assessment area at 21.1%. Upper-income borrowers received 38.9% of the loans made in the assessment, which less than the percentage of families at 50.3% living in the assessment area.

Based on this analysis and taking the 4.8% of families living below poverty into consideration, lending to low- and moderate-income borrowers is considered adequate. In addition, it should be noted that is sometimes difficult for very low-income borrowers to qualify for home purchase and refinance loans.

Other Consumer Loans

The bank originated 97 other consumer loans during this evaluation period. Of these loans, seven (7.2%) were made to low-income borrowers, which is significantly less than 17.6% of households living in the assessment area. The bank originated 17 (17.5%) of its other consumer loans to moderate-income borrowers, which exceeded the percentage of households at 13.8% living in the assessment area.

The bank made 12.4% of its loans to middle-income borrowers, which is less than the percentage of households at 17.9% and made 16.5% of its loans to upper-income borrowers, which is also less than the percentage of households at 50.7% living in this assessment area.

In addition, it should be noted, that 46.4% of the loans did not have income collect and therefore not included in this analysis. Based on this analysis, the borrower distribution of lending of other consumer loans is considered adequate to low- and moderate-income borrowers.

Motor Vehicle Loans

The bank originated 60 motor vehicle loans during this evaluation period. Of these loans, ten (16.7%) were made to low-income borrowers, which is slightly less than the percentage of households at 17.6%. The bank originated 15 loans (25%) to moderate-income borrowers, which exceeds the percentage of households at 13.8%.

The bank made 13.3% of its motor vehicle loans to middle-income borrowers, which is lower than the percentage of households at 17.9%. The bank made 18.3% of its loans to upper-income borrowers, which again is lower than the percentage of households at 50.7% of households living in the assessment area.

In addition, it should be noted, that 26.7% of the motor vehicle loans did not have income collected and therefore not included in this analysis. Based on this analysis, the bank’s borrower distribution of motor vehicle loans is considered good to low- and moderate-income borrowers.

The table below represents the consumer loans (both motor vehicle and other consumer) borrower distribution.

| Borrower Distribution of Consumer Loans | | | | | | | | | | | |
|------------------------------------------------|-----------------------------|------------|-----------------------------|--------------|------------|----------------------------------|------------|--------------------------------|------------|-------------------------------|--|
| Assessment Area/Group: Overall | | | | | | | | | | | |
| | Total Consumer Loans | | Low-Income Borrowers | | | Moderate-Income Borrowers | | Middle-Income Borrowers | | Upper-Income Borrowers | |
| | # | % of Total | % of Hhlds | % Bank Loans | % of Hhlds | % Bank Loans | % of Hhlds | % Bank Loans | % of Hhlds | % Bank Loans | |
| Motor Vehicle | 60 | 38.2 | 17.6 | 16.7 | 13.8 | 25.0 | 17.9 | 13.3 | 50.7 | 18.3 | |
| Other Consumer | 97 | 61.8 | 17.6 | 7.2 | 13.8 | 17.5 | 17.9 | 12.4 | 50.7 | 16.5 | |

Response to Consumer Complaints

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

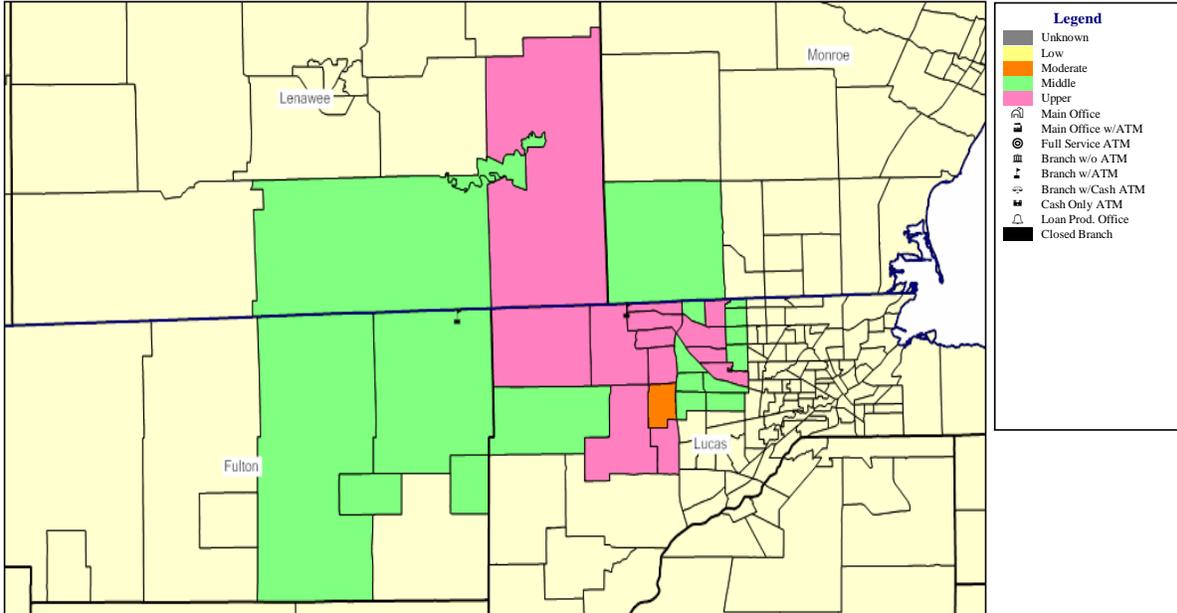
Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. The bank maintains fair lending policies and procedures and has an effective fair lending program.

APPENDIX A

ASSESSMENT AREA MAP

Metamora State Bank
Assessment Area: Overall



APPENDIX B

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.