

# **PUBLIC DISCLOSURE**

January 31, 2011

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Corn City Sate Bank  
560214

210 West Main Street  
Deshler, Ohio 43516

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 major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is reasonable (considering seasonal variations and taking into account lending related activities) given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the institution's assessment area(s).
- Given the demographics of the assessment area(s), the distribution of borrowers reflects an excellent penetration among individuals of different income levels (including low- and moderate-income).
- There were no CRA-related complaints received about the institution's performance in meeting assessment area credit needs.

The previous CRA examination conducted November 27, 2006 resulted in a "Satisfactory" performance rating.

## SCOPE OF EXAMINATION

The Corn City State Bank (CCSB) was evaluated using the interagency small bank examination procedures. Under this examination method, the bank's lending activity within its assessment area, including the distribution to borrowers of different income levels, was evaluated. CCSB's CRA performance was evaluated based on lending data from September 1, 2008 through September 30, 2010. The lending test included the analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of 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,
- 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 mortgage loans, motor vehicle loans, and consumer unsecured loans. Savings-secured loans, other secured loans, home improvement loans, commercial, and agricultural 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:

Loan Type	Number of Loans	Dollar Amount of Loans \$ (000)
Mortgage Loans	56	4,378
Motor Vehicle Loans	175	1,517
Consumer Unsecured Loans	170	193

Given the above distribution, motor vehicle lending received the greatest weight in this analysis. There were more than three times as many motor vehicle loans as compared to mortgage loans and opportunities for mortgage lending are limited due to high agricultural land usage and lack of loan demand. Consumer unsecured loans received the least weight. Although the number of consumer unsecured loans was slightly less than motor vehicle loans, the dollar amount of loans is small when compared to the other two loan categories.

The borrower distribution analysis under the lending test received greater weight than the geographic distribution analysis because the assessment area is comprised entirely of middle-income tracts.

The size and condition of the institution, lending opportunities within the assessment area, and competition with other institutions were also considered in the bank's performance context.

## DESCRIPTION OF INSTITUTION

The Corn City State Bank (CCSB) is not affiliated with a bank holding company or any subsidiaries. As of September 30, 2010, CCSB reported \$54.5 million in total assets, which is approximately a \$9.4 million (20.8%) increase since the previous CRA evaluation in November 2006. The majority of the increase occurred in the investment portfolio, as loan demand declined during the recent economic recession.

The bank has one office located at 201 West Main Street in Deshler, Ohio. There is one cash-only ATM located across the street from the main office at 204 West Main Street. CCSB has not closed any bank branches since the previous examination.

CCSB is a full-service retail bank offering business and consumer deposit accounts and commercial, agricultural, residential mortgage, and consumer loans. As of September 30, 2010, CCSB had \$27.5 million in net loans, which is approximately the same level reported at the previous CRA evaluation of \$27.6 million in net loans. The current level of net loans represents 50.5% of total assets. The following table and chart shows the bank's loan portfolio composition as of September 30, 2010.

Loan Type	Percent of Total Loans
Commercial / Industrial & Non Farm Non-Residential Real Estate	7.6%
Loans for Agricultural Production & Secured by Farmland	16.9%
Construction & Land Development	0.00%
Secured by 1-4 Family Residential Real Estate	68.00%
Consumer Loans	7.6%
All Other Loans	0.00%
Total (gross)	100.0%

CCSB's investment portfolio as of September 30, 2010 was \$25.3 million, which represents 46.3% of total assets. Investments in U.S. Treasuries and Agencies account for 40.1% of investments, while municipal securities comprise 24.3% of investments and bank balances and federal funds sold comprise 33.9% of investments.

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

## DESCRIPTION OF ASSESSMENT AREA

CCSB has one delineated assessment area encompassing parts of three counties. The assessment area includes two census tracts from southeastern Henry County, two census tracts from southwestern Wood County, and one census tract from northeastern Putnam County, all of which are located in northwestern Ohio. CCSB's main office and only banking facility is located in Henry County. Wood County is included in Toledo MSA 45780, but CCSB does not have a banking facility within Wood County. Although the assessment area includes a small portion of a metropolitan statistical area, it does not extend substantially beyond the MSA border. The assessment area has not changed since the previous examination.

All five census tracts making up the assessment area are middle-income census tracts. Of these middle-income tracts, none are designated as distressed or underserved areas, as defined by the FFIEC.

Twenty-two financial institutions insured by the FDIC operate 80 branches within the three counties encompassing CCSB's assessment area. Based on the FDIC's deposit market share report as of June 30, 2009, CCSB ranked sixteenth with a 1.49% deposit market share.<sup>1</sup> The following table illustrates deposit market share by financial institution in the assessment area:

#	Financial Institution	Deposit Market Share
1	Huntington National Bank	30.04%
2	First Federal Bank Of The Midwest	10.81%
3	Union Bank Co	10.77%
4	Fifth Third Bank	10.11%
5	Henry County Bank	6.33%
6	Keybank National Assn	5.08%
7	Fort Jennings State Bank	4.45%
8	PNC Bank National Assn	3.81%
9	JP Morgan Chase Bank NA	3.05%
10	First NB Of Pandora	2.12%
11	State Bank&Trust Co	1.98%
12	Hamler State Bank	1.78%
13	Farmers & Merchants State Bank	1.72%
14	Ottoville Bank Co	1.67%
15	RBS Citizens National Assn	1.64%
16	The Corn City State Bank	1.49%

<sup>1</sup> <http://www3.fdic.gov/sod/index.asp>

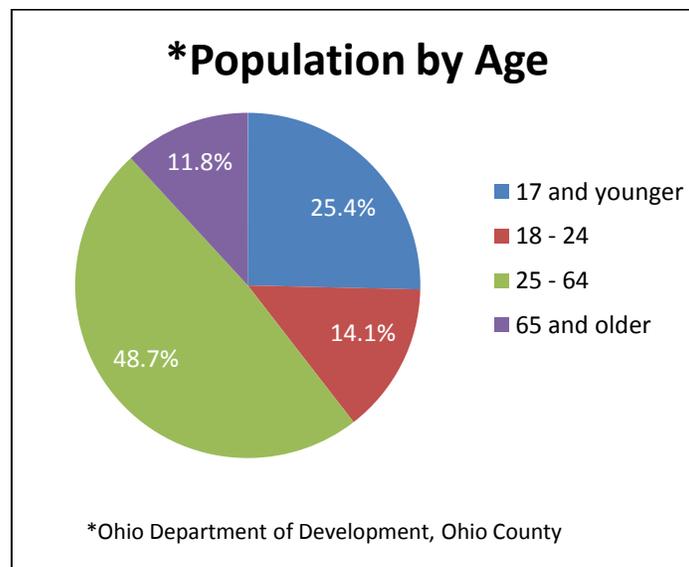
Within Henry County, where the CCSB has its only office, CCSB ranked sixth with a 6.87% deposit market share as illustrated:

#	Financial Institution	Deposit Market Share
1	Henry County Bank	29.18%
2	First Federal Bank Of The Midwest	16.29%
3	JP Morgan Chase Bank NA	14.07%
4	Huntington National Bank	12.03%
5	Hamler State Bank	8.19%
6	The Corn City State Bank	6.87%

**Population**

The 2000 data released by the U.S. Census Bureau indicates the population within the bank’s assessment area was 19,302. The population is primarily white not-Hispanic (90.29%), with the total minority population of 9.71%. The largest minority group within the assessment area is the Hispanic population, comprising 8.41% of the total minority population. No county within the assessment area has a minority population greater than 8.85%. According to the 2000 Census, populations for Henry, Putnam and Wood Counties were 29,210, 34,726 and 121,065, respectively. The 2009 estimated populations for Henry, Putnam and Wood Counties were 28,684, 34,377 and 125,380, respectively.<sup>2</sup> It is estimated that the populations for Henry and Putnam Counties declined by 1.9% and 1.0% and the population for Wood County grew by 3.6%.

The population by age for Henry, Putnam, and Wood Counties is distributed as follows:



2 <http://development.ohio.gov/research/CountyTrends.htm>

As can be seen by the distribution by age, only one-fourth of the population is under the age of 18, the legal age to enter into a contract. Approximately two-thirds of the population is between the ages of 18 and 64, the prime ages when individuals are generally in need of loans.

### **Income Characteristics**

According to the 2000 Census, there were 7,019 households within the assessment area, of which 5,342 (75.8%) were designated as families. Of these families, 15.2% were low-income, 19.4% were moderate-income, 27.9% were middle-income, and 37.5% were upper-income. In the assessment area, 5.4% of the families were below the poverty level, substantially lower than the State of Ohio at 7.8%.

The median family income for the assessment area was \$47,353, as 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.

The median household income for the assessment area was \$41,985, as compared to the state median household income of \$40,956 and the non-metropolitan statewide area at \$36,916. According to the U.S. Census Bureau for 2009, the median household income for the state increased to \$45,395.

### **Labor, Employment, and Economics**

The following table illustrates land use in each county in the assessment area:<sup>3</sup>

<b>County</b>	<b>Urban</b>	<b>Cropland</b>	<b>Pasture</b>	<b>Forest</b>
Henry	2.76%	87.85%	3.22%	5.20%
Putnam	3.06%	87.94%	4.80%	3.20%
Wood	9.42%	80.38%	3.51%	4.47%
Average	5.08%	85.39%	3.84%	4.29%

The primary economic activity is agriculturally based and the majority of land usage is for cropland. In wheat production, Wood County ranks first in the state, with Putnam County ranking second and Henry County ranking fourth. In soybean production, Wood County ranks second in the state and Putnam County ranks fifth. Wood County also ranks fourth in the state for corn production and Putnam County ranks fifth for hog production.<sup>4</sup>

Factoring the amount of land dedicated for agricultural purposes and the amount of land covered by forest, the remaining amount of land available for business uses and residential properties is limited.

<sup>3</sup> [www.development.ohio.gov/research](http://www.development.ohio.gov/research)

<sup>4</sup> [www.nass.usda.gov/Statistics\\_by\\_State/Ohio/Rankings](http://www.nass.usda.gov/Statistics_by_State/Ohio/Rankings)

According to 2008 Dun & Bradstreet data, there were 740 small businesses and small farms within the assessment area. The major business activities include agriculture and farming (27.6%), other services (15.0%), construction (9.1%), and retail trade (7.4%). The majority of businesses (89.7%) have revenues of less than \$1 million annually. Most businesses (55.3%) have been in business for more than ten years, with 58.9% of those businesses for more than 25 years.

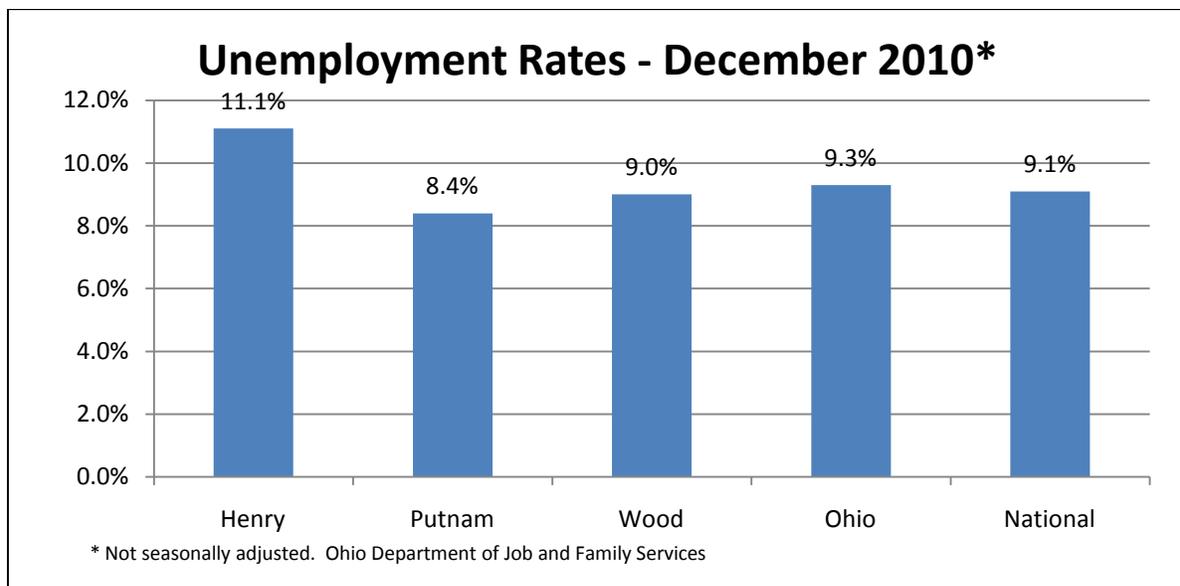
The following table identifies major employers for each county in the assessment area:

<p>Henry:</p> <ul style="list-style-type: none"> <li>• Alex Products</li> <li>• Campbell Soup Co</li> <li>• Filling Memorial Home of Mercy</li> <li>• Henry County Hospital</li> <li>• Liberty Center Schools</li> <li>• Lutheran Home at Napoleon</li> <li>• Napoleon Area City Schools</li> <li>• Silgan Holding Inc.</li> <li>• Tenneco Inc.</li> <li>• Wal-Mart Stores Inc.</li> </ul>	<p>Putnam:</p> <ul style="list-style-type: none"> <li>• Kalida Manufacturing Inc.</li> <li>• Midway Products/Progressive Stamping</li> <li>• Ottawa-Glandorf Local Schools</li> <li>• Procter &amp; Gamble/Iams Co.</li> <li>• Pro-Tec Coating Co Inc.</li> <li>• Putnam County Government</li> <li>• Schnipke Engraving Co Inc.</li> <li>• Silgan Plastics Corp.</li> <li>• Unverferth Manufacturing Co Inc.</li> <li>• Wal-Mart Stores Inc.</li> <li>• Whirlpool Corp</li> </ul>
<p>Wood:</p> <ul style="list-style-type: none"> <li>• Bowling Green State University</li> <li>• Chrysler Group LLC</li> <li>• Cooper Standard Automotive Inc.</li> <li>• First Solar Inc.</li> <li>• Great Lakes Window Inc.</li> <li>• Magna Int'l/Norplas Inc.</li> <li>• Owens Community College</li> <li>• Owens Illinois Inc.</li> <li>• Perrysburg Exempted Village Schools</li> <li>• Walgreen Co</li> <li>• Wood County Government</li> <li>• Wood County Hospital Assoc.</li> <li>• WPP PLC/TNS Custom Research</li> </ul>	

The counties in the assessment area have experienced job loss due to the economic recession. Generally, layoffs affected most business sectors; however, businesses supplying manufactured parts for automobile manufacturers were hardest hit. Due to the proximity of the assessment area to the major automobile manufacturers in Detroit and Toledo, the assessment area had a number of businesses supplying manufactured automobile parts. Deshler has been one of the hardest-hit communities because of business closings; one automobile supplier located in Deshler closed. Additionally, the Sherwin Williams Co. closed its operations in Henry County.

A community contact involved in promoting and supporting businesses in the assessment area emphasized that a strategy of diversification with less reliance on automobile manufacturing is being promoted. Some businesses have started shifting operations and manufacturing toward other viable business sectors, as well as restructuring and refocusing resources into new technology and products. For example, Alex Products has started manufacturing solar paneling installation racks in an effort to reduce its reliance on automobile parts manufacturing. It was reported that another business is interested in shifting manufacturing operations to start producing high-end rail equipment. Also, Campbell Soup Co. is exploring bio-mass waste energy generation, utilizing its bio-mass waste generated as a result of its day-to-day operations. The Campbell Soup operation in Henry County is the largest in the world. The contact further identified that there is demand for businesses wanting to borrow; however, due to current economic conditions, financial institutions appear restrictive in evaluating and extending credit. Additionally, one business that is a supplier to the Campbell Soup Co., reported that its line of credit was reduced. The community contact also related that businesses feel that when credit is extended, the cost of credit is prohibitive.

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



The chart shows that Henry County has the highest unemployment rate and the rate is significantly higher than the two neighboring counties as well as the state and national unemployment rates. As mentioned previously, Henry County was one of the hardest-hit areas during the recent recession. Additionally, the Sherwin Williams Co. (protective finishes) closed its operations in Henry County. Both Putnam and Wood counties have unemployment rates less than the state and national rate.

## Housing

CCSB's assessment area contains 7,425 housing units, of which 77.8% are owner-occupied, 16.2% are rental, and 6.0% are vacant. Single-family units comprise 82.1% of the housing units, while two-to-four family units comprise 4.6%, multi-family units comprise 3.4%, and mobile homes comprise 9.9%. The median age of the housing stock within the assessment area is 54 years and the median housing value is \$79,073.

The affordability ratio for the assessment area is 52.0%. For Henry, Putnam and Wood Counties, the affordability ratios are 49.0%, 50.0%, and 39.0%, respectively. The lower affordability ratio for Wood County reflects higher housing demand and costs.

Based on the median family income, approximately 70.0% of homes in the assessment area would be affordable for low-income individuals and about 90.0% affordable for moderate-income individuals using a mortgage payment equal to 30.0% of gross income. Community contacts experienced with housing indicated there continues to be a need for affordable housing. While affordable housing is generally available, the primary housing need is for individuals living in substandard housing. Because much of the housing stock is older, deterioration of the existing housing is an issue. Also, in 2007 and 2008, the region experienced severe flooding and some properties are now located in designated greenspace.

As a result of economic conditions, the region in general has seen a decline in sales of homes and less reliance on financial institutions for real estate secured lending. According to information from the Toledo Board of Realtors,<sup>5</sup> 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. 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. 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 for the assessment area is \$455. For Henry, Putnam and Wood Counties, the median gross rents are \$480, \$446, and \$508, respectively. The higher gross rent for Wood County reflects the higher demand for rent. One factor for the increased demand is the sizeable student population of Bowling Green State University, located about 20 miles south of Toledo.

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

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<sup>5</sup> <http://www.ohiorealtors.org/news/stats/2010/nov.pdf>; <http://www.toledorealtors.com>, National Association of REALTORS - Real Estate Trend Indicator, Northwest Ohio Real Estate Information Systems, Inc.

**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	810	15.2
Moderate-income	0	0.0	0	0.0	0	0.0	1,032	19.4
Middle-income	5	100.0	5,324	100.0	287	5.4	1,486	27.9
Upper-income	0	0.0	0	0.0	0	0.0	1,996	37.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>5</b>	<b>100.0</b>	<b>5,324</b>	<b>100.0</b>	<b>287</b>	<b>5.4</b>	<b>5,324</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	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	7,425	5,777	100.0	77.8	1,205	16.2	443	6.0
Upper-income	0	0	0.0	0.0	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>7,425</b>	<b>5,777</b>	<b>100.0</b>	<b>77.8</b>	<b>1,205</b>	<b>16.2</b>	<b>443</b>	<b>6.0</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	536	100.0	462	100.0	43	100.0	31	100.0
Upper-income	0	0.0	0	0.0	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>536</b>	<b>100.0</b>	<b>462</b>	<b>100.0</b>	<b>43</b>	<b>100.0</b>	<b>31</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>86.2</b>		<b>8.0</b>		<b>5.8</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	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	204	100.0	202	100.0	2	100.0	0	0.0
Upper-income	0	0.0	0	0.0	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>204</b>	<b>100.0</b>	<b>202</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
<b>Percentage of Total Farms:</b>			<b>99.0</b>		<b>1.0</b>		<b>0.0</b>	

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### Loan-to-Deposit Ratio

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

<b>The Corn City State Bank Loan-to-Deposit Ratios</b>						
As of Date	Bank Ratio	Peer Ratio <sup>6</sup>	Hamler <sup>7</sup>	Ottoville <sup>8</sup>	Croghan <sup>9</sup>	Custom Peer
September 30, 2010	60.74	69.14	60.08	53.75	78.42	64.08
June 30, 2010	65.80	69.61	64.51	56.68	83.27	68.15
March 31, 2010	65.25	68.64	61.83	55.50	84.07	67.13
December 31, 2009	65.82	69.42	67.43	48.98	86.33	67.58
September 30, 2009	67.82	71.55	64.17	53.05	91.97	69.73
June 30, 2009	67.59	65.36	62.32	56.21	91.90	70.14
March 31, 2009	68.67	63.75	62.39	54.17	95.65	70.74
December 31, 2008	70.31	65.93	62.69	61.25	100.31	74.75
September 30, 2008	67.64	67.59	60.06	58.51	97.56	72.04
June 30, 2008	67.11	65.59	60.65	61.07	94.90	72.21
March 31, 2008	66.16	63.28	57.73	60.72	93.87	70.77
December 31, 2007	70.00	66.00	64.85	61.28	95.68	73.94
September 30, 2007	74.18	67.99	65.33	68.68	95.90	76.64
June 30, 2007	75.77	68.34	69.10	70.02	94.60	77.91
March 31, 2007	75.00	65.98	71.19	67.70	94.37	77.75
December 31, 2006	72.31	67.07	73.99	69.42	95.28	79.56
<b>Quarterly Loan-to-Deposit Ratio Average since the previous examination</b>	<b>68.76</b>	<b>67.20</b>	<b>64.27</b>	<b>59.81</b>	<b>92.13</b>	<b>72.07</b>

The bank has averaged a 68.76% LTD ratio over the past sixteen quarters since the last evaluation. The bank's LTD ratio peaked in the second quarter of 2007 and has generally declined since then. This downward trend occurred because loan demand weakened as a result of the economic recession, creating a scenario where deposits grew faster than loans.

Similar trends have occurred for Hamler and Ottoville, both of which belong to the same peer group as CCSB, having one banking office, and are located approximately 20 miles or less from CCSB in non-metropolitan areas.

6 The Corn City State Bank's national peer group consists of all commercial banks having assets between 50 million and 100 million, with two or fewer banking offices in non-metropolitan areas.

7 The Hamler State Bank, Hamler, Ohio.

8 The Ottoville Bank Company, Ottoville, Ohio.

9 Croghan Colonial Bank, Fremont, Ohio. Croghan Colonial Bank's national peer group consists of all commercial banks having assets between \$300 million and \$1 billion.

CCSB stated that a branch of Croghan located in Custar in southwestern Wood County is also a prime competitor. Croghan is headquartered in Fremont, Ohio (Sandusky County). Of its 11 banking branches, only one branch is located within Wood County. Croghan's other banking offices are located in Sandusky, Huron, and Ottawa Counties.

CCSB's average LTD ratio of 68.76% is slightly higher than the national peer group average LTD ratio of 67.20%. The custom peer group average LTD ratio of 72.07% is higher than CCSB's average LTD ratio and national peer group average LTD ratio. The custom peer group average reflects the impact of Croghan's LTD ratios, which are higher than CCSB, Hamler, Ottoville, and the national peer group LTV ratios.

Bank management attributed CCSB's declining LTD ratio to the economic crisis. As noted previously, Henry County and the community of Deshler experienced business closings and layoffs. Henry County's unemployment rate is significantly higher than the state and national averages. In this climate, individuals have been reluctant to borrow and loan demand has declined.

CCSB'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 CCSB's volume of loans extended inside and outside of the bank's assessment area during the evaluation period.

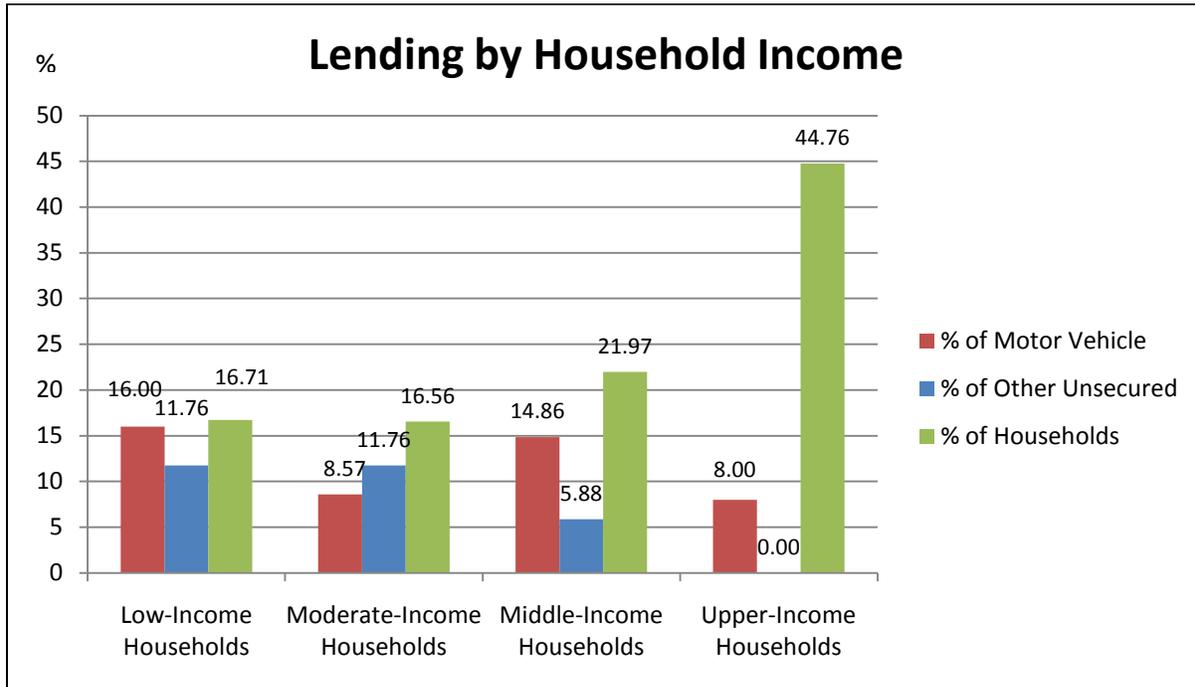
Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Real Estate	56	69.1	4,378	61.6	25	30.9	2,728	38.4
Motor Vehicle	175	85.4	1,517	86	30	14.6	247	14
Other-Unsecured	170	89	193	80.5	21	11	47	19.5
<b>TOTAL LOANS</b>	<b>401</b>	<b>84.1</b>	<b>6,088</b>	<b>66.8</b>	<b>76</b>	<b>15.9</b>	<b>3,022</b>	<b>33.2</b>

The table illustrates that a majority of the bank's loans, both by number and dollar amount, were made inside of its assessment area. However, the percentage of real estate loans made outside of the assessment area is significantly higher than the percentage of motor vehicle loans and other-unsecured loans. According to bank management, potential reasons for attracting loans from outside the assessment area would be lower costs (because the bank does not sell loans in the secondary market) and individuals wanting to deal with a local financial institution.

**Geographic Distribution of Lending**

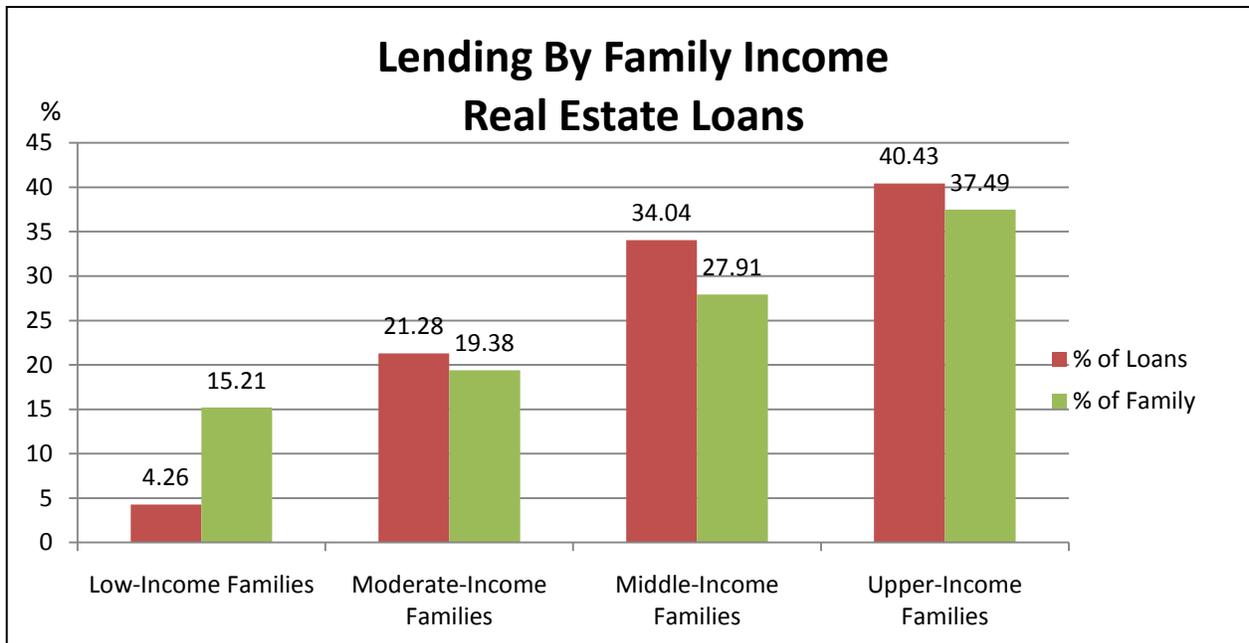
Because all census tracts within the assessment area are middle-income, a geographic distribution analysis of the bank's loans would not be meaningful and was not completed.

**Borrower Distribution of Lending**



Of the total loans reviewed, lending to both low- and moderate-income borrowers fell short of the percentages of LMI households in the assessment area, although motor vehicle lending to low-income borrowers was almost comparable to the proxy. However, for motor vehicle loans, borrower income was not collected for 52.6% of the loans. When analyzing only motor vehicle loans with reported income, the percentage of motor vehicle loans to low-income borrowers (33.73%) is about twice the percentage of low-income household families in the assessment area. Also, motor vehicle loans made to moderate income borrowers (18.07%) exceeded the percentage of moderate income households in the assessment area by 1.51%. Lending to middle-income borrowers also exceeded the percentage of middle-income households, while lending to upper-income borrowers was substantially less than the proxy. The distribution of motor vehicle loans is excellent.

For other unsecured loans, borrower income was not reported for 70.6% of the loans. However, when analyzing only loans with reported income, 40.0% of loans were made to low-income borrowers and 40.0% were made to moderate income borrowers, substantially exceeding the percentage of low- and moderate income households in the assessment area. Lending to middle-income borrowers (20%) was slightly less than the proxy and no loans were made to upper-income borrowers. The distribution of other unsecured loans by borrower income is excellent.



The chart shows that the bank has originated a substantially lower percentage of real estate loans to low-income families as compared to the percentage of low-income families in the assessment area. However, in the current economic environment, credit has become more restrictive and less flexible. Consequently, it is difficult for low and very low income families to qualify for a loan. Lending to low-income families is adequate.

Conversely, real estate lending to moderate-income families exceeded the percentage of moderate-income families in the assessment area by about 2.0%. Lending to moderate-income families is excellent.

Lending to middle- and upper-income families exceeded the percentage of families in the assessment area for real estate lending.

Overall, the borrower distribution of real estate lending is adequate. The level of lending exceeded the proxy for moderate-, middle-, and upper-income families in the assessment area. Although the level of lending was less than the proxy for low-income families, lending opportunities were limited within the assessment area.

The analysis reflects an excellent borrower distribution of motor vehicle and other consumer loans to low- and moderate-income borrowers. Although the analysis shows an excellent borrower distribution of real estate loans to moderate-income families, lending to low-income families is considered adequate. Overall, the distribution of lending by borrower income is considered excellent.

### **Response to Consumer Complaints**

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

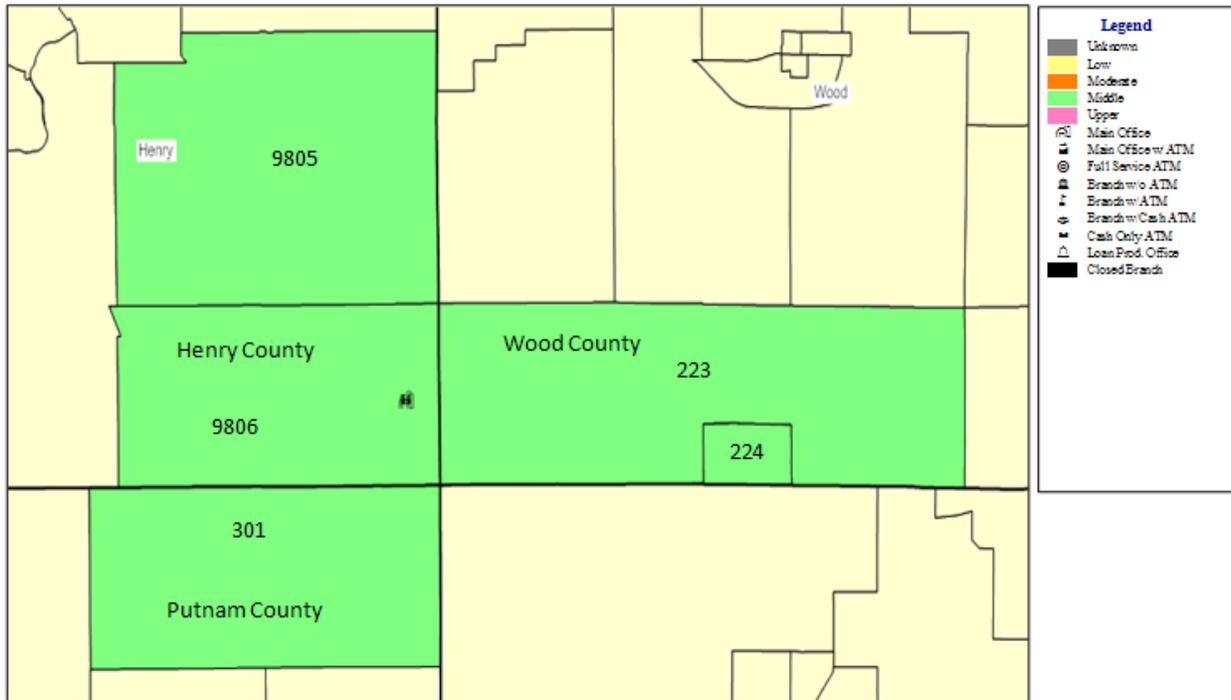
### **Fair Lending or Other Illegal Credit Practices Review**

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

### APPENDIX A

### ASSESSMENT AREA MAP

Corn City Bank  
Assessment Area: NonMSA & MSA 45780



**APPENDIX B**  
**LENDING TABLES**

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000s)	%	# of Loans	%	\$ (000s)	%
Real Estate	56	69.1	4,378	61.6	25	30.9	2,728	38.4
Motor Vehicle	175	85.4	1,517	86.0	30	14.6	247	14.0
Other Secured Consumer	65	95.6	647	98.7	3	4.4	8	1.3
Other Unsecured Consumer	170	89.0	193	80.5	21	11.0	47	19.5
<b>Total</b>	<b>466</b>	<b>85.5</b>	<b>6,736</b>	<b>69.0</b>	<b>79</b>	<b>14.5</b>	<b>3,030</b>	<b>31.0</b>

Borrower Distribution of Consumer Loans Assessment Area/Group: NonMSA & MSA 45780										
	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	175	42.7	16.7	16.0	16.6	8.6	22.0	14.9	44.8	8.0
Other - Secured	65	15.9	16.7	29.2	16.6	20.0	22.0	15.4	44.8	9.2
Other - Unsecured	170	41.5	16.7	11.8	16.6	11.8	22.0	5.9	44.8	0.0

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	9/30/2010		12/31/2009		12/31/2008	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	0 <sup>1</sup>	0.0%	0 <sup>1</sup>	0.0%	718 <sup>1</sup>	2.6%
Secured by One- to Four- Family Dwellings	18,432 <sup>1</sup>	68.0%	18,477 <sup>1</sup>	67.0%	18,398 <sup>1</sup>	66.6%
Other Real Estate:						
Farmland	4,438 <sup>1</sup>	16.4%	4,508 <sup>1</sup>	16.4%	4,351 <sup>1</sup>	15.8%
Multifamily	723 <sup>1</sup>	2.7%	744 <sup>1</sup>	2.7%	434 <sup>1</sup>	1.6%
Nonfarm nonresidential	1,279 <sup>1</sup>	4.7%	1,457 <sup>1</sup>	5.3%	1,465 <sup>1</sup>	5.3%
Commercial and Industrial	56 <sup>1</sup>	0.2%	70 <sup>1</sup>	0.3%	74 <sup>1</sup>	0.3%
Loans to Individuals	2,048 <sup>1</sup>	7.6%	2,128 <sup>1</sup>	7.7%	1,882 <sup>1</sup>	6.8%
Agricultural Loans	130 <sup>1</sup>	0.5%	181 <sup>1</sup>	0.7%	290 <sup>1</sup>	1.1%
<b>Total</b>	<b>\$27,106<sup>1</sup></b>	<b>100.00%</b>	<b>\$27,565<sup>1</sup></b>	<b>100.00%</b>	<b>\$27,612<sup>1</sup></b>	<b>100.00%</b>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

## APPENDIX C

### GLOSSARY OF TERMS

**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.