

PUBLIC DISCLOSURE

June 2, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Ottoville Bank Company
RSSD # 443625

161 West Third Street
Ottoville, OH 45876

Federal Reserve Bank of Cleveland

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

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

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

- The 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 assessment area;
- Distributions of loans reflects a reasonable penetration to geographies of different income levels;
- Distributions of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income),
- Distributions of loans to businesses reflects a reasonable penetration among businesses of different sizes given the demographics of the assessment areas and;
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous examination conducted March 15, 2010, resulted in a "Satisfactory" performance rating.

SCOPE OF EXAMINATION

The Ottoville Bank Company’s (Ottoville) Community Reinvestment Act (CRA) performance was evaluated using the interagency small bank examination procedures under Regulation BB.

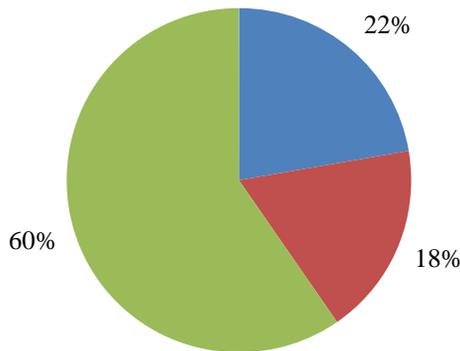
Ottoville’s CRA performance was evaluated based on lending data for the period of January 1, 2012 to December 31, 2013. The loan products evaluated included consumer (including motor vehicle), residential mortgage, and small business (commercial loans).

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 (000s)
Consumer	75	568
Residential	61	8,480
Small Business	201	25,540
Total	337	34,588

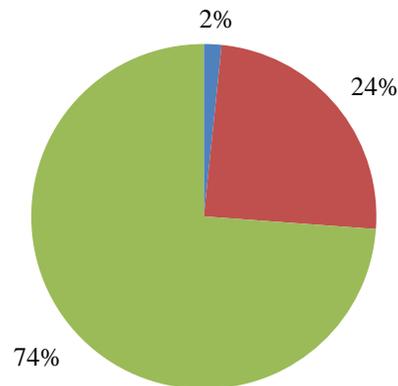
Originated Loans (#)

■ Consumer ■ Residential ■ Small Business



Originated Loans (\$)

■ Consumer ■ Residential ■ Small Business



Based on total loan volume by number and dollar amount and the composition of the loan portfolio discussed on page four, small business lending received the most weight. However, both residential and consumer loans were major contributors in the assessment.

The bank’s assessment area for CRA purposes is comprised of one assessment area that received a full-scope review. There were two community contact interviews conducted to provide perspective on the credit needs of the assessment area in which the bank operates.

Although both geographic and borrower distributions were evaluated in order to determine the bank's overall CRA performance, only Ottoville's borrower distribution is discussed in this analysis, as the bank's assessment area consists of five middle-income and three upper-income census tracts; there are no lower-income or moderate-income tracts either in the assessment area or adjacent to the assessment area. In addition, there are no distressed or underserved middle-income tracts in the assessment area. Additionally, it is noted that lending was performed in all of the bank's census tracts.

DESCRIPTION OF INSTITUTION

Ottoville is an independently-owned community bank located in Ottoville, Ohio. There is no holding company. According to the March 31, 2014, Uniform Bank Performance Report (UBPR), Ottoville had total assets of roughly \$83.1 million. This is a 22.7% increase in total assets since the previous CRA evaluation.

Ottoville has one depository office in northwestern Ohio. This main office is located in the village of Ottoville in Putnam County. The bank has one automated teller machine (ATM) located at the main location. In addition to the main office, Ottoville has one loan production office located in the city of Delphos. The city of Delphos straddles Allen and Van Wert Counties and is in close proximity to Putnam County. The loan production office was opened in November 2009 that pre-dated the current CRA evaluation period.

Ottoville is a full-service retail bank offering deposit accounts; residential mortgages; consumer, commercial and agricultural, real estate development loans; and commercial lines of credit. It also offers credit cards and individual retirement accounts through third parties. Since the previous evaluation, Ottoville has not opened or closed any branch offices or ATMs.

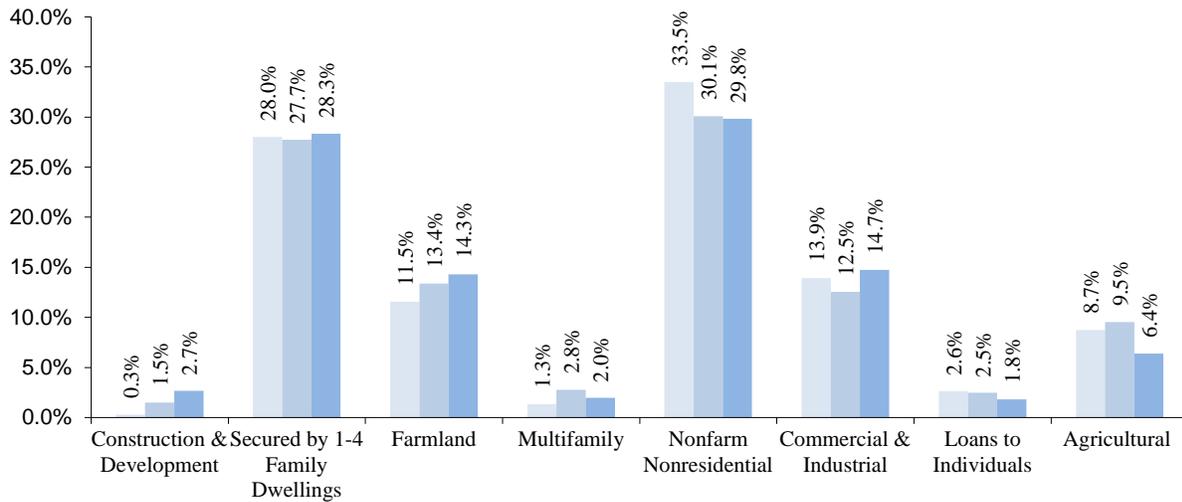
As of December 31, 2013, the bank's net loans and leases represented 42.4% of total assets. The following charts display the loan portfolio composition and trend as of the aforementioned December 31, 2013.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	12/31/2013		12/31/2012		12/31/2011	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	903	2.7%	452	1.5%	86	0.3%
Secured by One- to Four- Family Dwellings	9,652	28.3%	8,401	27.7%	8,094	28.0%
Other Real Estate: Farmland	4,863	14.3%	4,044	13.4%	3,334	11.5%
Other Real Estate: Multifamily	668	2.0%	839	2.8%	388	1.3%
Other Real Estate: Nonfarm nonresidential	10,161	29.8%	9,108	30.1%	9,668	33.5%
Commercial and Industrial	5,019	14.7%	3,798	12.5%	4,018	13.9%
Loans to Individuals	613	1.8%	745	2.5%	763	2.6%
Agricultural Loans	2,174	6.4%	2,889	9.5%	2,521	8.7%
Total	\$34,053	100.00%	\$30,276	100.00%	\$28,872	100.00%

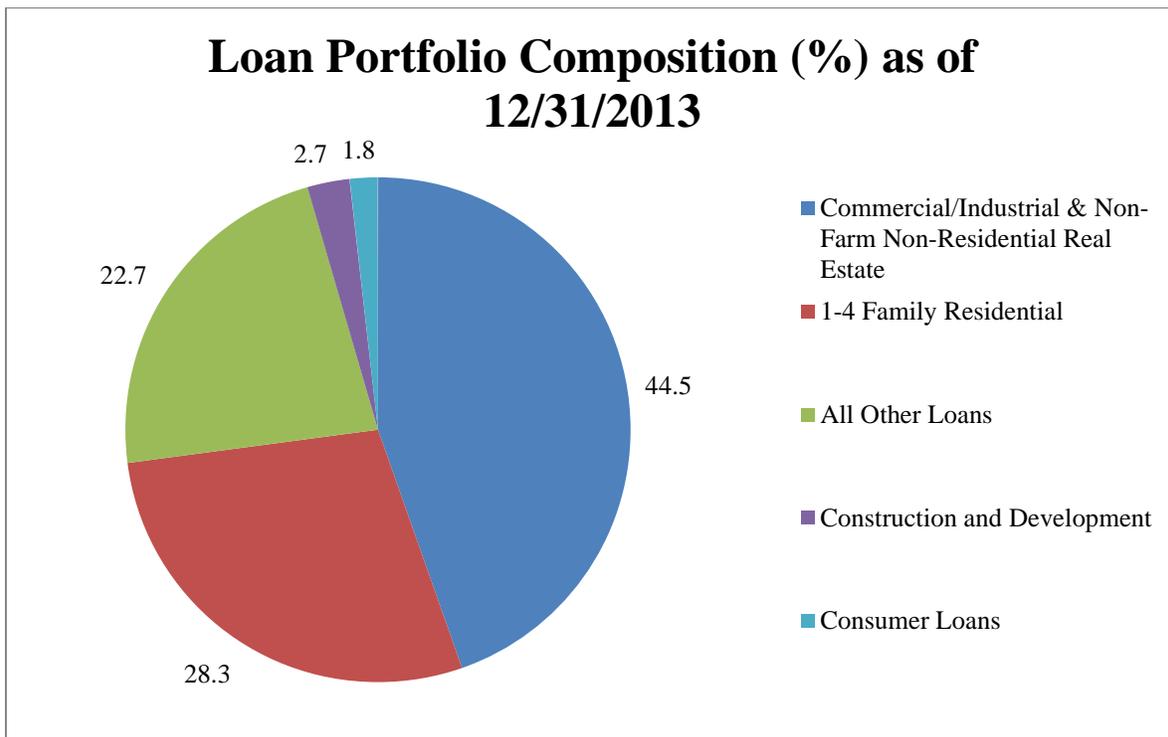
* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligation of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included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



Loan Portfolio Trend



Loan Portfolio Composition (%) as of 12/31/2013



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

DESCRIPTION OF ASSESSMENT AREA, INCLUDING PORTIONS OF LIMA MSA AND NON-MSA AREA OF NORTHWESTERN OHIO

Ottoville has one assessment area in Ohio that consists of portions of Putnam, Paulding, Van Wert, and Allen Counties. Putnam, Paulding, and Van Wert Counties are located in a non-metropolitan statistical area. In contrast, Allen County comprises the entirety of the Lima MSA. While there are metropolitan areas within the assessment area, the assessment area is largely rural in nature.

There are eight census tracts that comprise Ottoville's assessment area, the composition of which is detailed below. Ottoville's main office is located in one of the upper-income census tracts in Putnam County and the loan production office is located in another upper-income census tract in Allen County.

While a portion of the assessment area is in the Lima MSA, Ottoville does not have a deposit-taking branch there. Consequently, a separate assessment analysis is not necessary, as all tracts have been combined into one assessment area for this evaluation.

Putnam County is a predominantly agricultural area. Ottawa Village is the largest village and the county seat. The county had a population estimate of 34,198, according to the U.S. Census Bureau, in 2012. Ottoville has taken two census tracts from Putnam County as part of its assessment area. Both of these tracts are upper-income.

Paulding County is west of Putnam County and is also an agricultural area. The village of Paulding is the largest village and the county seat. The county had a population estimate of 19,295, according to the U.S. Census Bureau, in 2012. Ottoville has taken one middle-income census tract from Paulding County.

Van Wert County is southwest of Putnam County, and it is also rural in nature. The city of Van Wert is the largest town in the county and is the county seat. The county had a population estimate of 28,744 in 2012, according to the U.S. Census Bureau. Ottoville has taken two middle-income census tracts from Van Wert County.

Allen County is south of Putnam County and is a combination of a metropolitan and rural areas. The city of Lima is the largest city in the county and the county seat. The county had a population of 105,141 in 2012, according to the U.S. Census Bureau. Ottoville has taken three census tracts in Allen County. Of the three, two are middle-income tracts and one is an upper-income tract.

The above assessment area represents an expansion since the previous CRA evaluation. At the last evaluation, there were four census tracts. The current evaluation includes an expansion of one census tract in Van Wert County and three census tracts in Allen County.

None of the above middle-income census tracts are distressed within the bank's delineated assessment area.

According to the FDIC Deposit Market Share Report,¹ as of June 30, 2013, Ottoville ranked 16th out of 18 institutions in the combined counties of Putnam, Paulding, Van Wert, and Allen with a market share of 1.83%. The following top three institutions by deposit share are materially larger national and regional financial institutions: JPMorgan Chase Bank (14.78%) with seven branch offices, Huntington National Bank (13.67%) with eight branch offices, and First Federal Bank of the Midwest (11.59%) with seven branch offices. The following table illustrates deposit market share by financial institutions in the assessment area.

#	Financial Institutions	Deposit Market Share
1	JPMorgan Chase Bank, National Association	14.78%
2	The Huntington National Bank	13.67%
3	First Federal Bank of the Midwest	11.59%
4	The Union Bank Company	11.24%
5	The Citizens National Bank of Bluffton	11.10%
6	First Financial Bank, National Association	5.70%
7	Fifth Third Bank	4.86%
8	The Fort Jennings State Bank	4.42%
9	Van Wert Federal Savings Bank	3.20%
10	First Federal Savings and Loan Association of Van Wert	3.12%
11	The First National Bank of Pandora	3.07%
12	U.S. Bank National Association	2.97%
13	The State Bank and Trust Company	2.84%
14	Wells Fargo Bank, National Association	2.44%
15	The Antwerp Exchange Bank Company	2.43%
16	The Ottoville Bank Company	1.83%
17	First Bank of Berne	0.69%
18	Woodforest National Bank	0.06%

As mentioned earlier, there were two community contact interviews conducted to provide additional information regarding the credit needs of the local community and add context to the demographic and economic characteristics discussed below. The contacts consisted of one in the Lima MSA and another in the non-MSA portion of the assessment area.

The non-MSA community contact was located in Van Wert County. Per the contact, the county is growing again, and there were 150+ net jobs created in the last 18 months. In a recent survey of local businesses, over 50% are planning an expansion in the next 12 months. In addition, there is a current major initiative to develop a 1,600 acre site for a large employer. It is in the early stages, but the contact is hopeful that a major employer will partner on the project. If it moves forward, there may be difficulty in finding sufficient housing stock in the area for new employees, but at present, there is sufficient low- and moderate-income housing in the area. In addition, per the contact, the credit needs of the community are being met.

¹ <http://www2.fdic.gov/sod/sodInstBranchCounty>

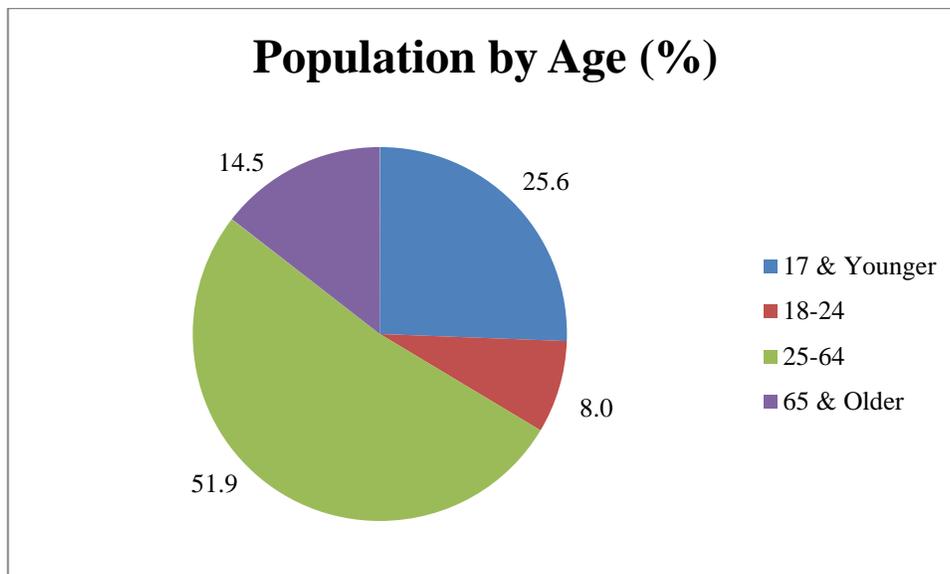
The second community contact was located in Allen County, which is part of the Lima MSA. Per the contact, Allen County has recovered from the recession and is undergoing a current business expansion. The engine plant in the county recently announced 300+ new jobs, and a major agricultural firm is moving 200+ additional jobs from the State of Wisconsin to Allen County. There is no shortage of housing stock for the employees of growing businesses. While the contact heard some local businesses express concern about obtaining credit during the recession, there have been no recent concerns. Thus, the contact is confident that the credit needs of local businesses are being met.

Population

According to the 2010 U.S. Census,² the total population in the assessment area is 33,903. The following table depicts the 2010 and estimated 2012 populations of the four counties within Ottoville’s assessment area. It also includes an estimated population change.

County	2010 Population	2012 Population	Population Percent Change
Putnam	34,499	34,198	-0.9%
Paulding	19,614	19,295	-1.6%
Van Wert	28,744	28,744	No change
Allen	106,331	105,141	-1.1%
Total	189,188	187,378	

Per the 2010 U.S. Census, approximately 25.6% of the population in the assessment area is under 18, while 59.9% of the population is between the ages of 18 and 64. Persons between the ages of 18 to 64 are the most likely to have credit needs. The following chart illustrates the population by age within the assessment area.



² <http://factfinder2.census.gov/>

As mentioned earlier, there are no low- or moderate-income census tracts in the assessment area. Of the population in the assessment area, 58.4% of families who are households live in middle-income census tracts, while the remaining 41.6% live in upper-income census tracts.

Income Characteristics

According to the 2010 U.S. Census, the median family income for the assessment area was \$60,570, which is higher than Ohio's median family income of \$59,680. Based on 2013 HUD-estimated³ data, the median family income decreased to \$54,200 in the Lima MSA and to \$53,000 in the Non-MSA portions of Ohio.

The assessment area contains 12,577 households, of which 9,323 (74.1%) are designated as families. Low- and moderate-income families respectively represent 12.3% and 18.6% of all families in this assessment area, respectively, with 4.8% of families below the poverty level. This is significantly lower than Ohio's poverty level at 10.3%. For comparison purposes, the 2000 U.S. Census also had 4.8% of families in the assessment area below the poverty level.

From the 2010 U.S. Census, more households face poverty than families. Within the assessment area, 8.9% of households have incomes below the poverty level. This compares with 13.7% of households for Ohio. Households that are below the poverty level may have difficulty in having enough financial resources to obtain a loan. For comparison purposes, the 2000 U.S. Census had 6.2% of households in the assessment area below the poverty level.

Labor, Employment, and Economic Characteristics

According to the State of Ohio's Development Services Agency's Office of Policy, Research and Strategic Planning,⁴ the industries within these counties that provide the highest weekly wages at the end of 2011 are:

- Putnam County – state government (\$930); manufacturing (\$920); and federal government and private sector information services (\$832);
- Paulding County – state government (\$880); construction (\$856); and natural resources and mining (\$850);
- Van Wert County – financial services (\$1,042); state government (\$995); and construction (\$946); and,
- Allen County – manufacturing (\$1,213); federal government (\$1,206); state government (\$1,130).

³ www.huduser.org/portal/datasets/il.html

⁴ https://development.ohio.gov/reports/reports_countytrends_map.htm

The following table identifies the three largest employment sectors (in descending order) and the major employers in the counties in which the bank’s assessment area lies:

County	Employment Sectors	Major Employers
Putnam	Manufacturing; Trade, Transportation, and Utilities; and Local Government	Kalida Manufacturing Inc.; Midway Products/Progressive Stamping; Ottawa-Giandorf Local Schools; Procter & Gamble/Iams Co; Pro- Tec Coating Co Inc.; Putnam County Government; Schnipke Engraving Co Inc.; Silgan Plastics Corp; Unverferth Manufacturing Co Inc.; Wal-Mart Stores Inc
Paulding	Manufacturing; Local Government; and Trade, Transportation, and Utilities	Alex Products Inc; Cooper Farms Inc; H E Ore Co; LaFarge SA; Paulding County Hospital; Paulding Exempted Village Schools; Spartech Corp.; Tem-Pace LLC; Wayne Trace Local Schools
Van Wert	Manufacturing; Trade, Transportation, and Utilities; and Education and Health Services	Braun Industries Inc; Central Mutual Insurance Co; Cooper Farms Inc; Eaton Corp; Federal-Mogul Corp; Greif Inc; Toledo Molding and Die; Van Wert City Schools; Van Wert County Hospital Association; Wal-Mart Stores Inc
Allen	Education and Health Services; Trade, Transportation, and Utilities; and Manufacturing	Ford Motor Co; General Dynamics Corp; Husky Energy Inc/Lima Refining Co.; Lima City Schools; Lima Memorial Health System; MetoKote Corp; Nash Finch Co; Nickles Bakery; Procter & Gamble Co; St. Rita’s Medical Center; Tokai Kogyo/DTR Industries

The following table shows the 2012 and 2013 average annual unemployment rate for the Lima MSA (Allen County), the three non-MSA counties of Paulding, Van Wert, and Putnam, and the State of Ohio.

Unemployment Rates

Assessment Area: Ottoville Bank

Area	Years - Annualized	
	2012	2013
Allen Co.	7.8	7.0 (P)
Lima MSA	7.8	7.0 (P)
Paulding Co.	6.9	6.1 (P)
Putnam Co.	6.0	5.7 (P)
Van Wert Co.	7.4	6.1 (P)
Ohio	7.4 (D)	7.4 (D)

Not Seasonally Adjusted

D : Reflects revised population controls and model reestimation.

P: Preliminary as of December 2013

The unemployment rate for Ottoville's assessment area is generally less than Ohio as a whole. While Allen County's unemployment is roughly commensurate with the state, the non-MSA portions of the assessment area are materially less.

Housing Characteristics

There were 13,482 housing units in this assessment area, based on the 2010 U.S. Census. Of this universe, 78.7% of the units were owner-occupied, 14.6% were rental units, and 6.7% were vacant. The owner-occupancy rate for this area is higher than that of Ohio, which has a 61.7% owner-occupancy rate.

From an income perspective, the owner-occupancy rates in middle- and upper-income tracts were 77.3% and 80.7%, respectively. Of the housing units, 98.0% were single-family dwellings and 2.0% were multi-family dwellings. Of the total housing stock, 7.9% were mobile homes. Within the housing universe, 59.9% of the units are located in middle-income census tracts, while 40.1% are located in upper-income census tracts.

The median age of the housing stock in the assessment area was 47 years, according to the 2010 U.S. Census. This was slightly older than the median age of housing for Ohio overall, which is 44 years. Within Ottoville's assessment area, the median age of housing was 50 years in middle-income tracts and 42 years in the upper-income census tracts.

The median housing value in the Lima MSA assessment area is \$104,800, while the median housing value for the non-MSA Ohio portion of the assessment area is \$111,463. The affordability ratio of the Lima MSA assessment area is 41.6%, while the affordability ratio of the non-MSA Ohio portion of the assessment area is 38.0%. The higher the affordability ratio, the more affordable a home is considered. This ratio is calculated by dividing an assessment area's median household income by its median housing value. Therefore, the housing stock in the assessment area is significantly more affordable than Ohio overall, which has an affordability ratio of 34.7%.

Based on the 2010 median family income for the Lima MSA, (\$55,549), approximately 46.8% of the homes in the assessment area are \$100,000 or less and considered affordable for a low-income family making 50.0% of the Lima MSA median family income. Similarly, approximately 73.5% of the homes in the assessment area are \$150,000 or less and considered affordable for a moderate-income family making 80% of the Lima MSA median family income. Further, based on the 2010 median family income for Non-MSA Ohio (\$52,111), approximately 43.5% of the homes in the assessment area are \$100,000 or less and considered affordable for a low-income family making 50.0% of the Non-MSA Ohio median family income. Similarly, approximately 73.4% of the homes in the assessment area are \$150,000 or less and considered affordable for a moderate-income family making 80.0% of the Non-MSA Ohio median family income. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0 % fixed-rate 30-year loan, with an additional 25.0% of gross income as an estimate for property taxes and insurance.

Within the four counties that comprise the assessment area, the median home prices are:

County	Median Home Price
Putnam	\$130,200
Paulding	\$89,600
Van Wert	\$88,100
Allen	\$104,800

According to RealtyTrac information⁵, these counties had the following foreclosure rates at the end of April of 2014:

Geography Name	Ratio of Properties Receiving Foreclosure Filings in (Month, Year)
Putnam	1 in 3,434
Paulding	1 in 2,189
Van Wert	1 in 1,052
Allen	1 in 937
Ohio	1 in 750

The median gross rent in the assessment area was \$604, with 30.7% of the rents under \$500/month, according to the 2010 U.S. Census. The median gross rent in the assessment area was materially lower than Ohio (\$678).

The following table further illustrates the demographics of Ottoville's assessment area.

⁵ <http://www.realtytrac.com/statsandtrends/foreclosuretrends/oh>

Combined Demographics Report

Assessment Area(s): Ottoville Bank 2013

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	1,144	12.3	
Moderate-income	0	0	0	0	0	0	1,735	18.6	
Middle-income	5	62.5	5,398	57.9	335	6.2	2,093	22.4	
Upper-income	3	37.5	3,925	42.1	108	2.8	4,351	46.7	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	8	100.0	9,323	100.0	443	4.8	9,323	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	0	
Moderate-income	0	0	0	0	0	0	0	0	
Middle-income	8,082	6,249	58.9	77.3	1,189	14.7	644	8	
Upper-income	5,400	4,357	41.1	80.7	782	14.5	261	4.8	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	13,482	10,606	100.0	78.7	1,971	14.6	905	6.7	
	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	
Moderate-income	0	0	0	0	0	0	0	0	
Middle-income	785	53.4	709	53.9	44	45.4	32	55.2	
Upper-income	685	46.6	606	46.1	53	54.6	26	44.8	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	1,470	100.0	1,315	100.0	97	100.0	58	100.0	
Percentage of Total Businesses:				89.5		6.6		3.9	
	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	
Moderate-income	0	0	0	0	0	0	0	0	
Middle-income	244	52.7	243	52.7	1	50	0	0	
Upper-income	219	47.3	218	47.3	1	50	0	0	
Unknown-income	0	0	0	0	0	0	0	0	
Total Assessment Area	463	100.0	461	100.0	2	100.0	0	.0	
Percentage of Total Farms:				99.6		.4		.0	

Based on 2013 D&B information according to 2010 ACSBoundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Ottoville's performance under the lending test is satisfactory. The loan-to-deposit ratio is reasonable and Ottoville originated a majority of loans in its assessment area. Although both geographic and borrower distributions were evaluated in order to determine the overall CRA performance, only Ottoville's borrower distribution is discussed in this analysis based on the homogeneous geographic assessment area. The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and the distribution of loans to businesses of different sizes. There were no CRA-related consumer complaints.

Loan-to-Deposit Ratio

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

Ottoville's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank has averaged 53.8% over the past 16 quarters of operation and is modestly below the peer group average ratio of 63.5%.⁶ Ottoville's loan-to-deposit ratio has largely been stable throughout the review period.

The following table shows Ottoville's quarterly loan-to-deposit ratios for the aforementioned 16 quarters since the previous evaluation. In addition, the same ratios for national peers and customized peers are displayed for the same period.

Ottoville Bank Loan-to-Deposit Ratios						
As of Date	Ottoville Bank	Aggregate Ratio	Van Wert FSB	First FS&LA of Van Wert	Antwerp Exch Bk Co	Custom Peer
December 31, 2013	57.15	61.45	68.29	44.72	78.99	64.00
September 30, 2013	54.27	62.64	69.90	43.98	74.58	62.82
June 30, 2013	52.15	61.20	67.22	42.67	69.66	59.85
March 31, 2013	51.11	58.73	67.51	42.11	68.67	59.43
December 31, 2012	51.36	61.18	70.64	42.83	71.24	61.57
September 30, 2012	49.90	63.02	70.88	42.38	69.76	61.01
June 30, 2012	51.78	62.23	72.30	41.21	65.93	59.81
March 31, 2012	51.51	60.36	72.05	42.01	64.20	59.42
December 31, 2011	53.67	62.50	0.00	0.00	68.99	68.99
September 30, 2011	56.33	63.71	0.00	0.00	67.76	67.76
June 30, 2011	55.70	63.77	0.00	0.00	66.70	66.70
March 31, 2011	55.46	62.51	0.00	0.00	65.43	65.43
December 31, 2010	54.73	66.03	0.00	0.00	71.57	71.57
September 30, 2010	53.75	68.92	0.00	0.00	72.39	72.39
June 30, 2010	56.68	69.49	0.00	0.00	73.13	73.13
March 31, 2010	55.50	68.52	0.00	0.00	73.35	73.35
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	53.82	63.52	69.85	42.74	70.15	65.45

Ottoville’s bank management attributes the difference between the bank’s loan-to-deposit ratio and their national peers to agricultural prices. With local farm land values elevated and the corresponding agricultural commodity prices high in recent years, there is reduced loan demand in the local community. The impact is large enough to affect the ratio.

Considering the bank’s lending related activity, size, financial condition and assessment area credit needs, Ottoville’s LTD ratio is considered reasonable.

Lending in the Assessment Area

Ottoville’s small business, residential mortgage, and consumer loans were analyzed to determine the volume of lending inside and outside the bank’s assessment area. Of the total universe of loans, 79.5% by volume and 60.9% by dollar amount were made within the bank’s assessment area.

The following table shows the distribution of loans made inside and outside the bank’s assessment area.

Lending Inside and Outside the Assessment Area

Exam: Ottoville Bank

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
RL - Residential Loans	46	75.4	6,473	76.3	15	24.6	2,008	23.7	61	8,481
XX - Consumer	69	92.0	489	86.2	6	8.0	79	13.8	75	568
Total Consumer related	115	84.6	6,962	76.9	21	15.4	2,086	23.1	136	9,048
SB - Small Business	153	76.1	14,088	55.2	48	23.9	11,452	44.8	201	25,540
Total Small Bus. related	153	76.1	14,088	55.2	48	23.9	11,452	44.8	201	25,540
TOTAL LOANS	268	79.5	21,050	60.9	69	20.5	13,538	39.1	337	34,588

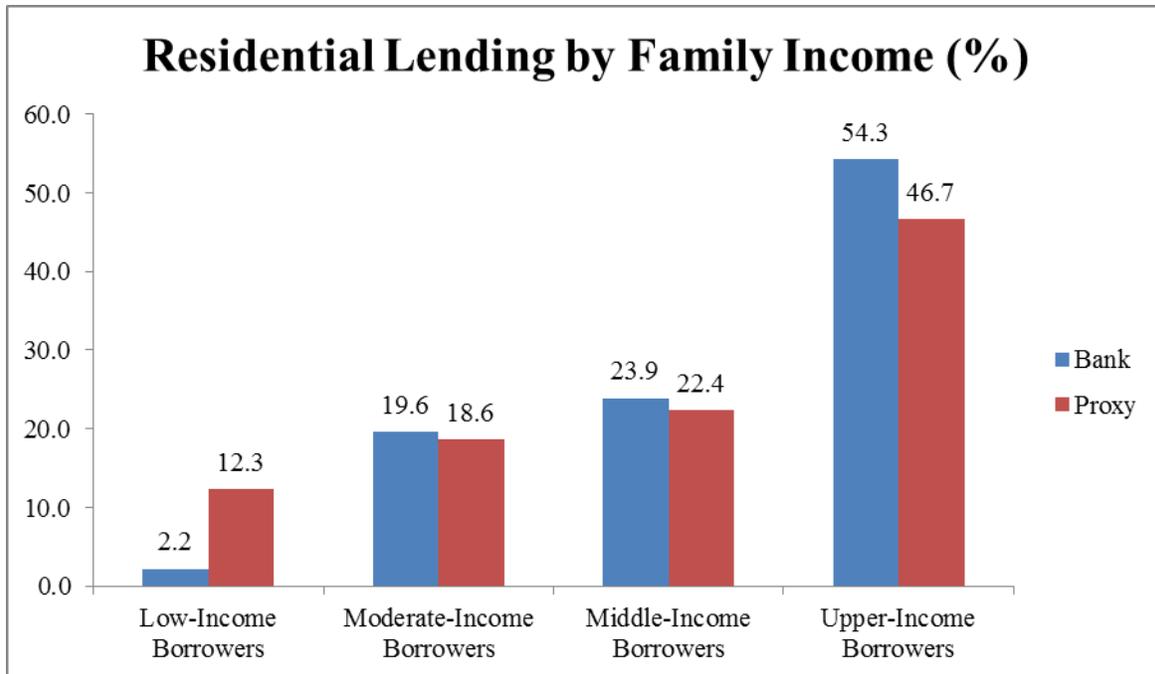
As seen above, 92.0% by volume and 86.2% by dollar amount of consumer loans were made inside Ottoville’s assessment area. This is followed by 75.4% by volume and 76.3% by dollar amount were made within the bank’s assessment area for residential mortgage loans, followed by small business lending of 76.1% by volume and 55.2% by dollar amount. Therefore, a majority of the Ottoville’s loans by both volume and dollar amount were made inside the bank’s designated assessment area.

Borrower Distribution of Lending

Ottoville’s lending to borrowers of different income levels and lending to businesses of different revenue sizes is reasonable. The borrower distribution of consumer lending is excellent, and residential lending is adequate. Lending to small businesses with revenues equal to or under \$1 million is good.

Residential Lending

During the evaluation period, Ottoville’s residential mortgage lending performance was compared to the income levels of families in the assessment area (described as a proxy below). Ottoville’s lending to low-income and moderate-income families was adequate, as indicated in the chart below.



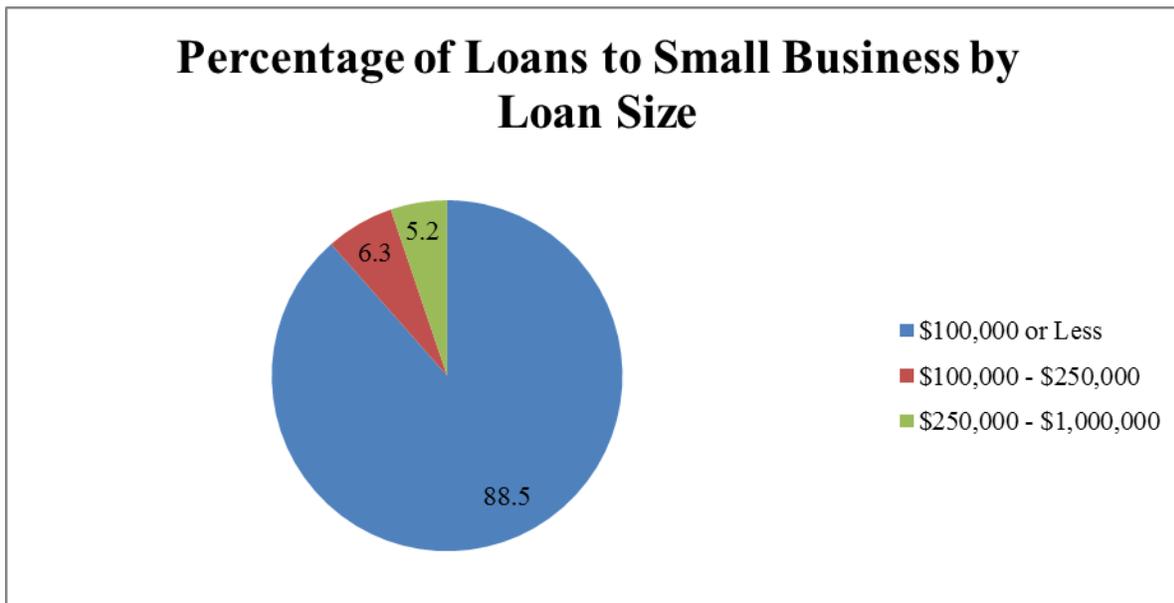
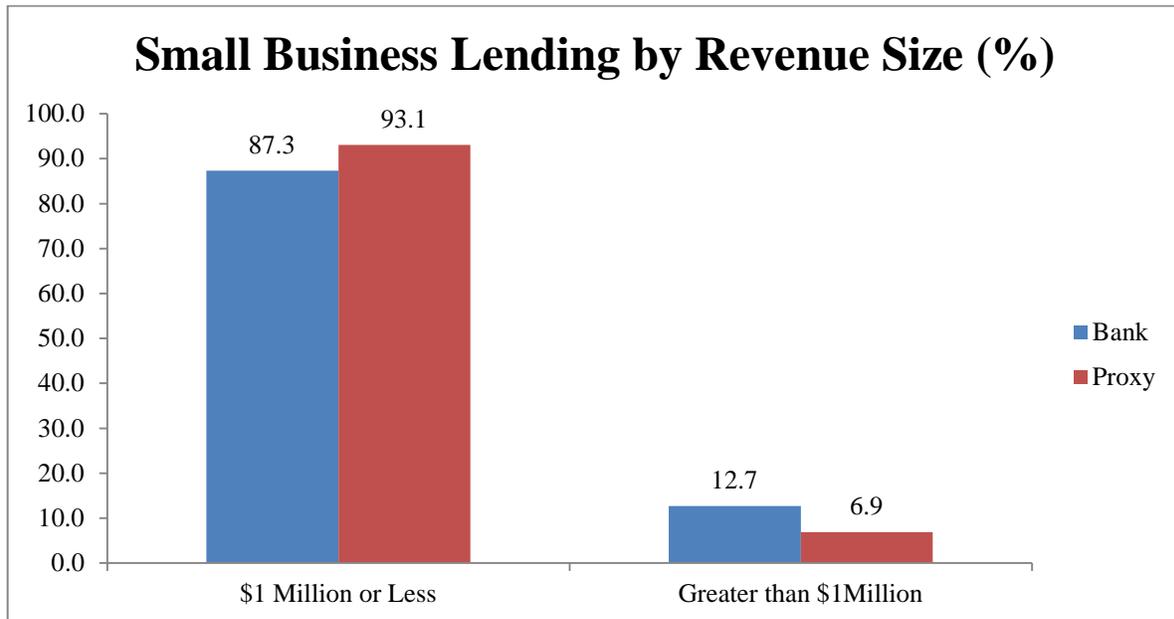
Although the bank’s percentage of lending to low-income families is below the proxy, the performance context of the demographics explains the difference. As mentioned earlier, the assessment area contains 4.8% of all families that fall below the poverty line. It is particularly challenging for these families to be able to qualify for residential mortgages. In addition, as mentioned earlier, only 43.5% of the homes in the non-MSA portion of the assessment area and 46.8% of the Lima MSA portion of the assessment area are \$100,000 or less. Only these are affordable for a low-income family making 50.0% of the Non-MSA Ohio or Lima MSA median family income. Not all low-income families earn 50% of the median family income, as there is a wide distribution in income between the 50.0% (the maximum level for classification as low-income) and the poverty level. Further, on average, the housing stock of lower-priced homes is typically older in age than higher-priced homes; therefore, the maintenance and repair costs are generally higher for these properties, which also affects affordability for low-income borrowers. Thus, in aggregate, Ottoville’s residential lending to low-income borrowers is adequate.

Ottoville’s percentage of loans to moderate-income borrowers is excellent and exceeded the demographic proxy. This demonstrates that the bank is extending credit commensurate with the residential mortgage needs of the area.

Small Business Lending

Small businesses are defined as those with gross revenues of less than or equal to \$1 million in a calendar year. Ottoville originated 153 small business loans totaling \$14.1 million during the evaluation period within the assessment area. However, the gross revenues of some underlying businesses were not known for 43 loans. Consequently, for the chart below, the small business lending numbers were adjusted to exclude loans with unknown revenue.

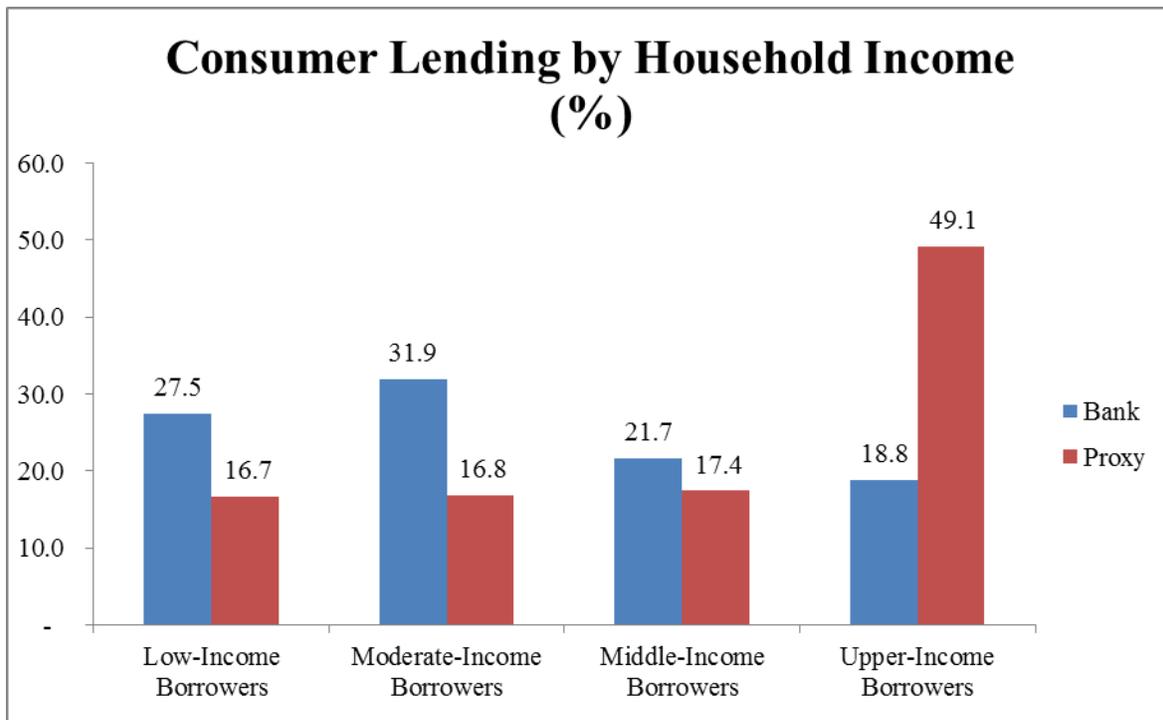
The vast majority (87.3%) of the remaining loans was originated to businesses with revenue of \$1 million or less; this is compared to the demographic proxy of 93.1%.



According to lending data, 88.5% of Ottoville’s small business loans were extended in an amount of \$100,000 or less. Smaller size loans are typically reflective of smaller businesses doing the borrowing. Thus, Ottoville’s small business lending activity is good and demonstrates that the bank is effectively meeting the credit needs of its local businesses.

Consumer Lending

As depicted in the following graph, Ottoville made a significantly higher percentage of consumer loans (27.5%) to low-income borrowers compared to the percentage of low-income households (16.7%) in the assessment area. The bank also originated a substantially higher percentage of consumer loans (31.9%) to moderate-income borrowers when compared to the demographic of moderate-income households (16.8%) in the assessment area. Both of these measures of consumer borrower distribution are excellent and demonstrate a strong commitment to meeting the needs of consumers in the area.



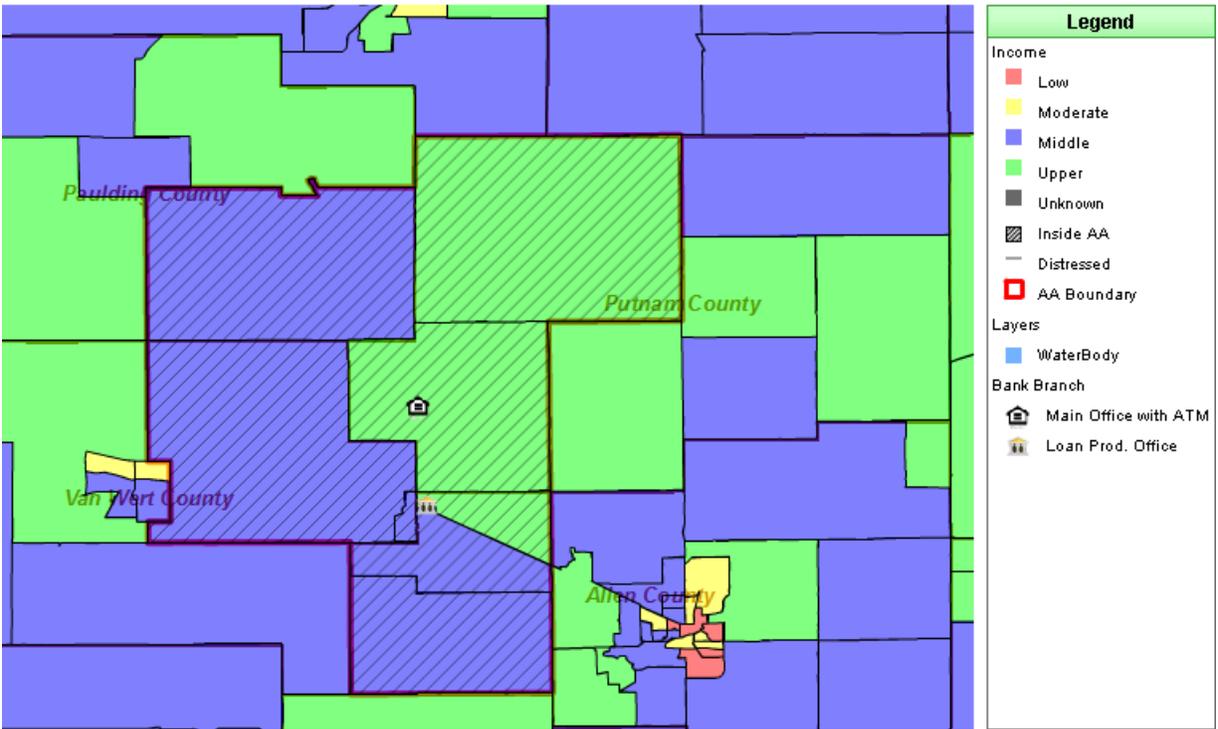
Response to Consumer Complaints

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

APPENDIX A
ASSESSMENT AREA MAP



APPENDIX B
LENDING TABLES

CRA Loan Distribution Table

Restricted-FR

Exam: Ottoville Bank

Assessment Area/Group: All Assessment Areas

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	56	36.6%	3,767	26.7%	0	0.0%	0	0.0%
Upper	97	63.4%	10,321	73.3%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	153	100.0%	14,088	100.0%	0	0.0%	0	0.0%
	By Revenue							
Total \$1 Million or Less	96	87.3%	5,348	51%	0	0.0%	0	0.0%
Over \$1 Million	14	12.7%	5,083	49%	0	0.0%	0	0.0%
Not Known**	0	0.0%	0	0	0	0.0%	0	0.0%
Total	110	100.0%	10,431	100.0%	0	0.0%	0	0.0%
	By Loan Size							
\$100,000 or less	128	83.7%	3,978	28.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	13	8.5%	2,280	16.2%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Fam)	10	6.5%	4,031	28.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Fam)	2	1.3%	3,800	27.0%	0	0.0%	0	0.0%
Total	153	100.0%	14,088	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	85	88.5%	2,571	48.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	6	6.3%	981	18.3%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Fam)	5	5.2%	1,796	33.6%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Fam)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	96	100.0%	5,348	100.0%	0	0.0%	0	0.0%

*Information based on 2010 ACS data **43 unknown revenue data has been removed to improve the quality of the analysis.

Consumer Loan Distribution Table

Exam: Ottoville Bank

Assessment Area/Group :All Assessment Areas

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
	Consumer							
Low	0	0.0%	0	0.0%	19	27.5%	113	23.2%
Moderate	0	0.0%	0	0.0%	22	31.9%	152	31.1%
Low/Moderate Total	0	0.0%	0	0.0%	41	59.4%	265	54.3%
Middle	22	31.9%	151	30.8%	15	21.7%	86	17.7%
Upper	47	68.1%	338	69.2%	13	18.8%	137	28.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	69	100.0%	489	100.0%	69	100.0%	489	100.0%
	Residential Loans							
Low	0	0.0%	0	0.0%	1	2.2%	87	1.3%
Moderate	0	0.0%	0	0.0%	9	19.6%	717	11.1%
Low/Moderate Total	0	0.0%	0	0.0%	10	21.7%	804	12.4%
Middle	15	32.6%	1,732	26.8%	11	23.9%	1,112	17.2%
Upper	31	67.4%	4,740	73.2%	25	54.3%	4,557	70.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	46	100.0%	6,473	100.0%	46	100.0%	6,473	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	20	17.4%	200	2.9%
Moderate	0	0.0%	0	0.0%	31	27.0%	869	12.5%
Low/Moderate Total	0	0.0%	0	0.0%	51	44.3%	1,069	15.4%
Middle	37	32.2%	1,883	27.1%	26	22.6%	1,199	17.2%
Upper	78	67.8%	5,079	72.9%	38	33.0%	4,694	67.4%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	115	100.0%	6,962	100.0%	115	100.0%	6,962	100.0%

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.