

PUBLIC DISCLOSURE

July 21, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The St. Henry Bank
RSSD # 568126

231 East Main Street
St. Henry, OH 45883

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

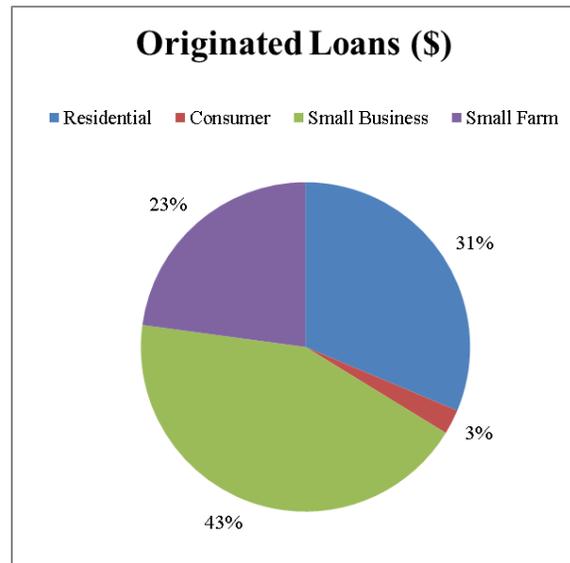
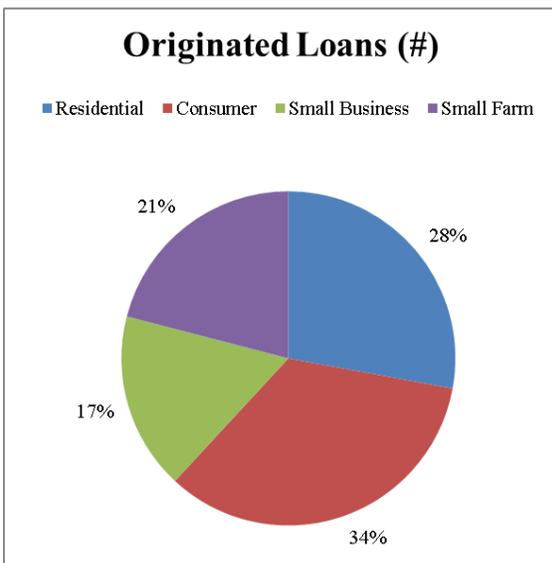
The previous examination conducted June 1, 2010, resulted in a “Satisfactory” performance rating.

SCOPE OF EXAMINATION

The St. Henry Bank (St. Henry) Community Reinvestment Act (CRA) performance was evaluated using the interagency small bank procedures under Regulation BB. The bank’s CRA performance included lending data from January 1, 2013 to December 31, 2013. The loan products evaluated included consumer, residential mortgage, small business (commercial) and small farm lending.

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)
Residential	169	25,438
Consumer	206	1,975
Small Business	104	35,234
Small Farm	127	18,575
Total	606	81,222



Based on total loan volume by number and dollar amount and the composition of the loan portfolio, residential lending received the most weight, followed by consumer, small business, and small farm loans, which were all weighted equally.

The bank’s assessment area for CRA purposes is comprised of one assessment area that received a full-scope review. The size and financial condition of the institution, lending opportunities in the assessment area, and competition with other financial institutions were also considered in the bank’s performance context. One community contact interview was conducted to provide context to the demographic and economic characteristics 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 St. Henry's borrower distribution is discussed in this analysis as the bank's assessment area consists of only middle-income and upper-income census tracts and there are no distressed or underserved middle-income tracts. Additionally, it is noted that lending was performed in all of the bank's census tracts.

DESCRIPTION OF INSTITUTION

St. Henry is an independently owned community bank located in St. Henry, Ohio. According to the March 31, 2014 Uniform Bank Performance Report (UBPR), St. Henry reported approximately \$263.9 million in assets, a 33.4% increase in total assets since the previous CRA evaluation.

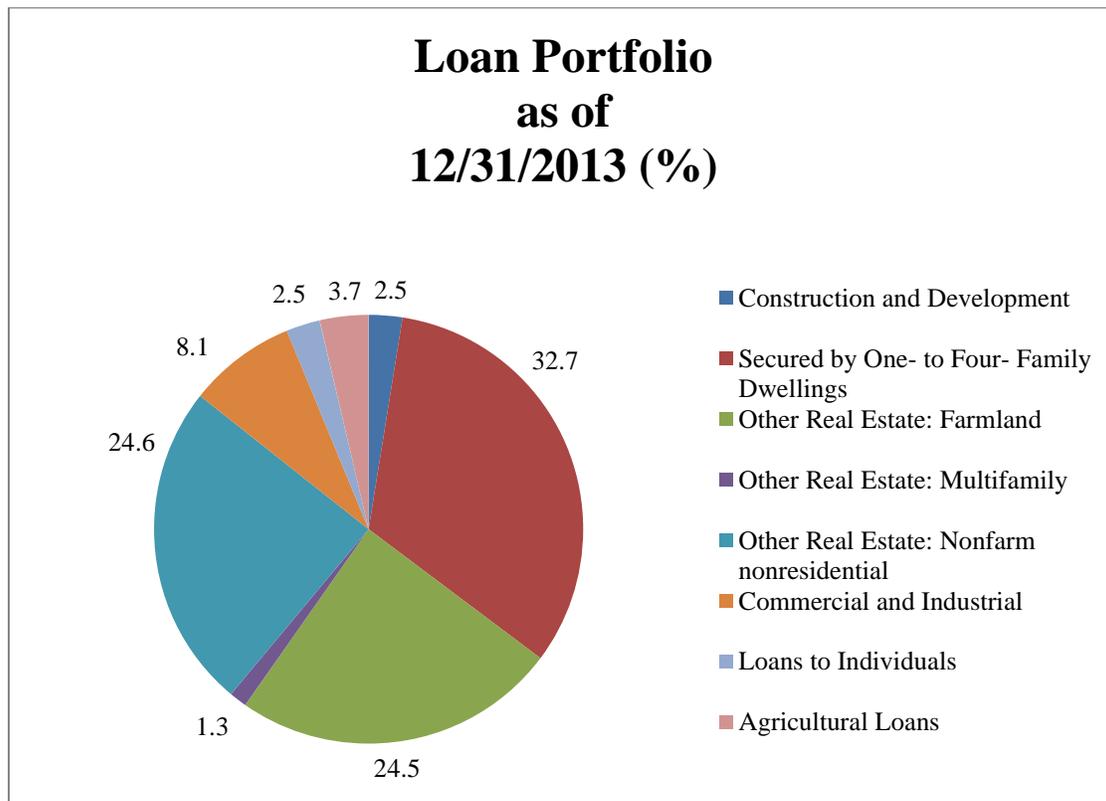
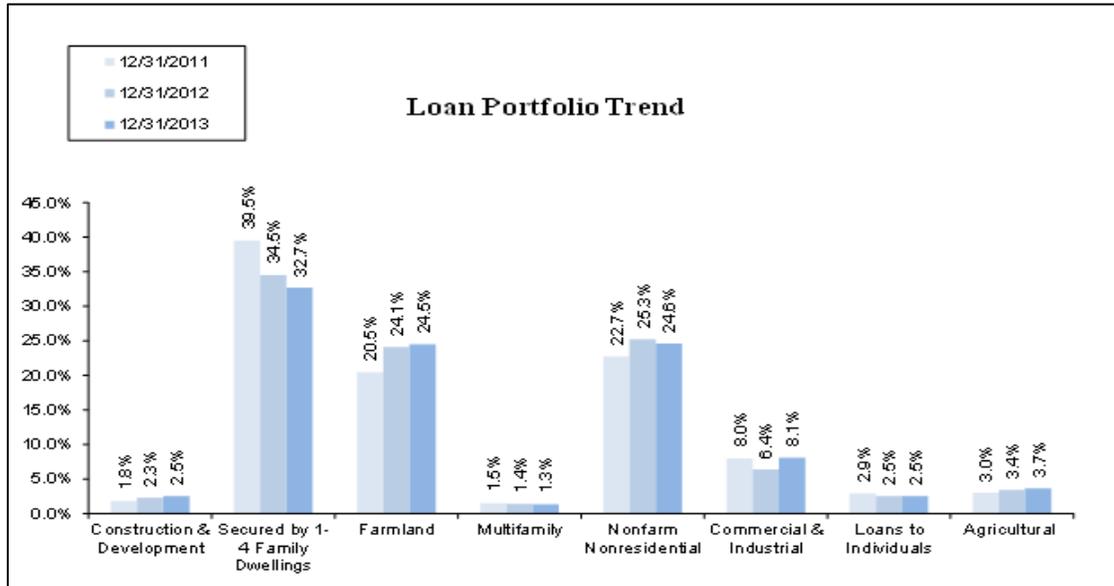
St. Henry’s main office is located in an upper-income tract in St. Henry. The bank has two additional branches, both located in upper-income tracts: one in St. Henry and the other in Maria Stein. All three locations are located in Mercer County and have full-service Automatic Teller Machines (ATMs). St. Henry is a full-service retail bank offering deposit accounts; residential mortgages; consumer, commercial and agricultural loans; small business loans; and small farm loans. St. Henry has not opened or closed any branch offices or ATMs.

Since the previous evaluation, St. Henry delineated its assessment area to now include the entirety of Mercer County. Additional census tracts from Auglaize and Shelby Counties were also added to the bank’s assessment area.

According to the March 31, 2014 UBPR, St. Henry’s loan portfolio accounts for approximately \$125 million. The following chart represents the bank’s loan portfolio as of 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	3,109	2.5%	2,669	2.3%	2,066	1.8%
Secured by One- to Four- Family Dwellings	39,953	32.7%	40,495	34.5%	44,748	39.5%
Other Real Estate: Farmland	29,913	24.5%	28,263	24.1%	23,201	20.5%
Other Real Estate: Multifamily	1,640	1.3%	1,692	1.4%	1,732	1.5%
Other Real Estate: Nonfarm nonresidential	30,047	24.6%	29,639	25.3%	25,756	22.7%
Commercial and Industrial	9,913	8.1%	7,543	6.4%	9,078	8.0%
Loans to Individuals	3,113	2.5%	2,989	2.5%	3,309	2.9%
Agricultural Loans	4,487	3.7%	4,004	3.4%	3,415	3.0%
<i>Total</i>	<i>\$122,175</i>	<i>100.00%</i>	<i>\$117,294</i>	<i>100.00%</i>	<i>\$113,305</i>	<i>100.00%</i>

* 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.



As of March 31, 2014, St. Henry’s investment portfolio was approximately \$116.5 million. The investment portfolio consists of U.S Treasury and Agencies securities (59.9%), municipal securities (36.9%), interest-bearing bank balances (3.0%), and all other securities (.22%).

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

DESCRIPTION OF ASSESSMENT AREA IN NON-METROPOLITAN AREA IN WESTERN OHIO

St. Henry has one assessment area in the Western portion of Ohio. The assessment area is comprised of the entirety of Mercer County and portions of Shelby, Auglaize, and Darke Counties.

Mercer County is considered a predominantly agricultural area. St. Henry took a total of nine census tracts, six of which are located in middle-income tracts and three in upper-income tracts. Celina is the largest city and the county seat. The overall population had an estimate of 40,784, according to the U.S. Census Bureau in 2013.

Shelby County is also primarily agricultural. St. Henry has taken a total of three census tracts, one of which is located in a middle-income tract and two in upper-income tracts. Sydney is the largest city and the county seat. The overall population had an estimate of 49,192, according to the U.S. Census Bureau in 2013.

Darke County is also primarily agricultural. St. Henry has taken one census tract, which is located in an upper-income tract. Greenville is the largest city and county seat. The overall population had an estimate of 52,376, according to the U.S. Census Bureau in 2013.

Auglaize County is also primarily agricultural. The bank has taken a total of five census tracts, two located in middle-income tracts and three in upper-income tracts. Wapakoneta is considered the largest city and county seat. The overall population had an estimate of 45,920, according to the U.S. Census Bureau in 2013.

Overall, there are a total of 18 census tracts that consist of nine middle-income and nine upper-income tracts. As previously stated, the assessment area is predominantly agricultural and located in middle and upper-income tracts.

As of June 30, 2013, the Federal Deposit Insurance Corporation's (FDIC) Market Share Report¹ ranks St. Henry ninth out of 23 institutions in the assessment area with a market share of approximately 5.6%. The following table shows the deposit market share for the top ten financial institutions in the assessment area.

¹ FDIC Summary of Deposits, www.fdic.gov

#	Financial Institution	Deposit Market Share
1	U.S. Bank, National Association	10.04%
2	JPMorgan Chase Bank, National Association	9.76%
3	The Peoples Bank Co.	9.73%
4	First Financial Bank, National Association	8.96%
5	Greenville National Bank	8.40%
6	The Park National Bank	8.35%
7	Minster Bank	7.91%
8	First National Bank in New Bremen	5.84%
9	The St. Henry Bank	5.61%
10	Fifth Third Bank	4.43%

A community contact interview was conducted with a local community and economic development leader serving Mercer County to provide additional information regarding the credit needs of the local community and context to the demographic and economic characteristics. According to the community contact, the economy has remained stable, as the area is largely agricultural and was not affected by the negative trend within the residential market. However, he mentioned an upward trend in the housing market and noted an opportunity for banks to provide housing or financial education. Lastly, he indicated local bankers have a high level of involvement within the community through local donations and marketing efforts.

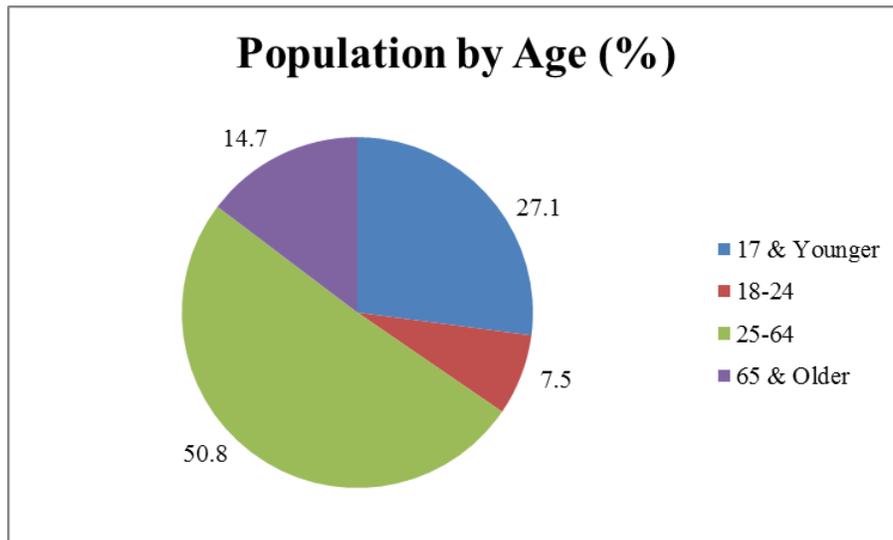
Population

According to data provided by the 2010 U.S. Census report, the total population living in St. Henry’s assessment area is 79,209. The following table depicts the 2010 and estimated 2013 populations of the four counties within the bank’s assessment area, as well as the estimated population change.²

County	2010 Population	2013 Population	Population Percent Change
Auglaize	45,937	45,920	0.0%
Darke	52,957	42,376	-20.0%
Mercer	40,765	40,784	0.0%
Shelby	49,353	49,192	-0.3%
Total	189,012	178,272	

² American Fact Finder, <http://factfinder2.census.gov>

The population by age is distributed as follows:



As the chart indicates, 27.1% of the population within the assessment area is 17 and younger, while approximately 58.3% of the population is between the ages of 18 and 64, which is the legal age to enter into a contract and more likely to have credit needs.

There are no low- or moderate-income census tracts in the assessment area. Of the population in the assessment area, 49.6% live in upper-income census tracts and 50.4% live in middle-income census tracts.

Income Characteristics

According to the 2010 U.S. Census data, there are 30,027 households in the assessment area, of which 21,898 (72.9%) are families. Of these families, 11.9% are low-, 15.8% are moderate-, 22.7% are middle-, and 49.5% are upper-income. Additionally, 5.9% of families in the assessment area live below the poverty level, compared to Ohio's rate of 10.3%.

According to 2012 estimates, the percentage of people living below the poverty level in Auglaize County is 9.7%; Darke County, 12.6%; Mercer County, 9.4%; and Shelby 10.2%; all of which are below Ohio at 16.2%.³

The median family income for the assessment area is \$61,604, which is higher than the median income for Ohio at \$59,680. Based on 2013 HUD data, the median family income decreased to \$53,000.⁴

3 U.S. Department of Agriculture, www.ers.usda.gov/data-products/county-level-data-sets/poverty

4 Department of Housing and Urban Development, www.huduser.org/portal/datasets/il.html

Labor, Employment, and Economic Characteristic

The following table shows the top four employment sectors (by number of persons employed in the county) and some of the major employers in the assessment area.⁵

County	Primary Employment Sectors	Major Employers
Auglaize	Manufacturing/Agriculture; Trade, Transportation, and Utilities; Education and Health Services; Leisure and Hospitality; and Local Government	American Trim, Crown Equipment Corp., Danone Group/Dannon Co., Grand Lake Health System, Hitachi Metals/AAP St. Mary's Corp., Minster Machine Co., Setex Inc., St. Mary's City Schools, Veyance Technologies Inc., and Wapakoneta City Schools
Darke	Construction; Trade, Transportation, and Utilities; Professional and Business Services; and Other Services	Brethren Retirement Community, Dick Lavy Trucking, FRAM Group Operations LLC, Greenville City Schools, Midmark Corp., Morioku Co./Greenville Technology, Wal-Mart Stores Inc., Wayne HealthCare, Whirlpool Corp./KitchenAid
Mercer	Construction; Trade, Transportation, and Utilities; Financial Services; and Other Services	Awardcraft, Celina Aluminum Precision Technology, Celina City Schools, Cooper Farms Inc., Crown Equipment Corp., Fort Recovery industries Inc., Mercer Health, Pax Machine Works, Reynolds & Reynolds Co., WorkflowOne
Shelby	Manufacturing/Agriculture; Trade, Transportation, and Utilities; Professional and Business Services; Leisure and Hospitality; and Local Government	Emerson Climate Technologies, Freshway Foods, Honda Motor Co. Ltd., Nippon Konpo Unyu/NK Parts Industries, Plastipak Packaging Inc., Shelby County Government, Sidney City Schools, Superior Metal Products/Am Trim, Thor Industries/Airstream, Wal-Mart Stores Inc., Wilson Memorial Hospital

One of the major sectors in the assessment area is manufacturing/agriculture, followed by construction and trade. Within those sectors, major employers include Cooper Farms and American Trim. As previously mentioned, a community contact serving Mercer County was interviewed and stated that Mercer County was considered first in agriculture in Ohio.

The following chart compares the 2013 and 2014 (not seasonally adjusted) unemployment rates in Auglaize, Darke, Mercer, and Shelby Counties.

⁵ Ohio Country Profiles, Ohio Office of Policy, Research and Strategic Planning, http://development.ohio.gov/reports/reports_countytrends_map.htm

Unemployment Rates

Assessment Area: St. Henry Bank

Area	Years - Annualized	
	2013	2014
Auglaize Co.	5.4 (E)	4.2 (P)
Darke Co.	6.6 (E)	5.8 (P)
Mercer Co.	4.5 (E)	3.7 (P)
Shelby Co.	6.3 (E)	5.2 (P)
Ohio	7.4 (D)	6.2 (P)

Not Seasonally Adjusted

D: Reflects revised population controls and model reestimation.

E: Reflects revised inputs, reestimation, and adjustment to new state totals.

P: Preliminary as of March 2014

As indicated above, the unemployment rate in all counties has decreased and is slightly below Ohio's unemployment rate. Per the community contact, the economy has been stable throughout the years, even during the recession, and believes it is mostly due to the agricultural and small manufacturing industries that were not heavily impacted by the economy.

Housing Characteristics

Based on 2010 U.S. Census data, there are 33,056 total housing units within the assessment area. Of these units, 73.6% are owner-occupied, 17.2% are rental units, and 9.2% are vacant. Single family units account for 84.5% of the units and 2-4 family units account for 7.5%. All housing units are located in middle- and upper-income census tracts.

The median age of housing stock in the assessment area is 45 years, which compares to the median age of housing stock for Ohio at 44 years. Within St. Henry's assessment area, the median age of housing was 47 years in middle-income tracts and 42 years in upper-income tracts.

The median housing value in the assessment area is \$131,699, with an affordability ratio of 39.3%. The higher the affordability ratio, the more affordable the home is considered. The housing affordability ratio is calculated by dividing the median household income by the median housing value. The housing stock in the assessment area is slightly more affordable than Ohio overall, which has an affordability ratio of 34.7%. Of the 24,327 owner occupied housing units in the assessment area, approximately 31.9% are valued under \$100,000, 26.9% are valued at \$100,000-149,999, and 41.2% are valued at \$150,000 or more.

Based on the median family income for the assessment area (\$61,604), approximately 32.1% of the homes valued up to \$100,412 would be affordable for low-income individuals and 63.2% of the homes valued up to \$160,660 would be affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio of 28.0% of gross income for a 5.0% fixed 30 year rate loan.

According to Sperling’s Best Places,⁶ the median home cost in St. Henry was \$154,600, which represents a depreciation of 0.8% since the prior year. The median gross rent for the assessment area is \$624, with 25.1% of the rents under \$500 a month, according to the 2010 U.S. Census. The median gross rent was slightly lower than Ohio’s at \$678.

According to Realtytrac,⁷ as of May 2014, foreclosure filings in Ohio were higher than the assessment area. The chart below shows the ratio of properties receiving foreclosure filings in May 2014 for the state of Ohio, the assessment area and the national average.

Geography Name	Foreclosed Properties in May 2014	Ratio of Properties Receiving Foreclosure Filings in May 2014
Auglaize	24	1:815
Darke	15	1:1,513
Mercer	6	1:2,925
Shelby	12	1:1,681
Ohio	6,250	1:805
United States	110,000	1:1,199

The following table illustrates the demographics of St. Henry’s assessment area.

6 Sperling’s Best Places, www.bestplaces.net/find/

7 RealtyTrac, www.realtytrac.com

Combined Demographics Report

Assessment Area(s): St. Henry 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	0	0.0	2,625	12.0
Moderate-income	0	0.0	0	0.0	0	0.0	3,460	15.8
Middle-income	9	50.0	11,129	50.8	857	7.7	4,971	22.7
Upper-income	9	50.0	10,769	49.2	438	4.1	10,842	49.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	18	100.0	21,898	100.0	1,295	5.9	21,898	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	17,202	12,155	50.0	70.7	3,519	20.5	1,528	8.9
Upper-income	15,854	12,172	50.0	76.8	2,181	13.8	1,501	9.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	33,056	24,327	100.0	73.6	5,700	17.2	3,029	9.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	1,990	53.5	1,796	53.8	128	48.7	66	55.0
Upper-income	1,729	46.5	1,540	46.2	135	51.3	54	45.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3,719	100.0	3,336	100.0	263	100.0	120	100.0
Percentage of Total Businesses:				89.7		7.1		3.2
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	497	46.1	496	46.2	1	20.0	0	0.0
Upper-income	582	53.9	578	53.8	4	80.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,079	100.0	1,074	100.0	5	100.0	0	0
Percentage of Total Farms:				99.5		5		0

Based on 2013 D&B information according to 2010 ACSB boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

St. Henry’s performance under the lending test is satisfactory. The loan-to-deposit ratio is reasonable and the majority of loans were made inside the bank’s assessment area. Although both geographic and borrower distributions were evaluated in order to determine the overall CRA performance, only St. Henry’s borrower distribution is discussed in this analysis due to the assessment area having no low- and moderate-income census tracts or distressed or underserved middle-income tracts. 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 income sizes. There were no CRA-related complaints received since the last examination.

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 adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows St. Henry’s quarterly LTD ratios for 17 quarters since the previous evaluation, along with the average LTD ratio for the same period. The same ratios for national peers and customized peers are displayed for the same period.

St. Henry Bank Loan-to-Deposit Ratios						
As of Date	St. Henry Bank	Aggregate Ratio	Minster Bank	Osgood State Bank	First NB in New Bremen	Custom Peer
March 31, 2014	58.98	69.16	59.97	55.16	51.53	55.55
December 31, 2013	59.29	71.08	62.88	52.78	50.23	55.30
September 30, 2013	56.98	70.83	59.39	54.61	51.83	55.28
June 30, 2013	56.06	69.85	60.25	54.63	50.15	55.01
March 31, 2013	57.15	67.17	57.18	50.97	49.08	52.41
December 31, 2012	56.46	68.92	61.55	50.19	48.80	53.51
September 30, 2012	57.68	69.99	62.38	49.35	48.78	53.50
June 30, 2012	58.14	70.33	62.13	54.44	49.37	55.31
March 31, 2012	57.55	68.47	61.23	56.55	49.08	55.62
December 31, 2011	62.93	71.39	65.84	54.33	49.51	56.56
September 30, 2011	65.26	72.82	64.37	58.74	49.10	57.40
June 30, 2011	69.28	73.11	65.40	59.06	51.94	58.80
March 31, 2011	70.40	72.13	65.06	57.82	52.56	58.48
December 31, 2010	70.73	74.84	67.20	62.32	52.30	60.61
September 30, 2010	73.65	76.66	68.90	65.18	52.60	62.23
June 30, 2010	76.60	77.19	67.72	71.20	52.43	63.78
March 31, 2010	74.60	76.46	67.84	72.41	53.30	64.52
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	63.63	71.79	63.49	57.63	50.74	57.29

The bank has averaged a quarterly LTD ratio of 63.6% over the past 17 quarters of operation, which is slightly below the aggregate average ratio of 71.8% and above the custom peer average ratio of 57.3%.⁸ Over the last 16 quarters, the ratios have decreased, but remained stable over the last eight quarters.

St. Henry's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs.

Lending in the 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

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
RL - Residential Loans	143	84.6	21,770	85.6	26	15.4	3,668	14.4	169	100.0	25,438	100.0
XX - Consumer Loans	184	89.3	1,728	87.5	22	10.7	246	12.5	206	100.0	1,975	100.0
Total Consumer-related	327	87.2	23,499	85.7	48	12.8	3,914	14.3	375	100.0	27,413	100.0
SB - Small Business	75	72.1	12,698	36.0	29	27.9	22,536	64.0	104	100.0	35,234	100.0
Total Small Bus.-related	75	72.1	12,698	36.0	29	27.9	22,536	64.0	104	100.0	35,234	100.0
SF - Small Farm	103	81.1	9,997	53.8	24	18.9	8,578	46.2	127	100.0	18,575	100.0
Total Small Farm-related	103	81.1	9,997	53.8	24	18.9	8,578	46.2	127	100.0	18,575	100.0
TOTAL LOANS	505	83.3	46,194	56.9	101	16.7	35,028	43.1	606	100.0	81,222	100.0

The bank's residential mortgage, consumer, small farm, and small business loans were analyzed to determine the volume and amount of lending inside and outside of the bank's assessment area. Of the total loans, 83.3% by volume and 56.9% by dollar amount were made inside the assessment area.

Of the residential mortgage loans, 84.6% by volume and 85.6% by dollar amount were made within the bank's assessment area. Additionally, 89.3% by volume and 87.5% by dollar amount were made within the bank's assessment area for consumer loans, followed by small farm lending of 81.1% by volume and 53.8% by dollar amount and small business of 72.1% by volume and 36% by dollar amount. Therefore, a majority of the bank's loans by both volume and dollar amount were made inside the designated assessment area.

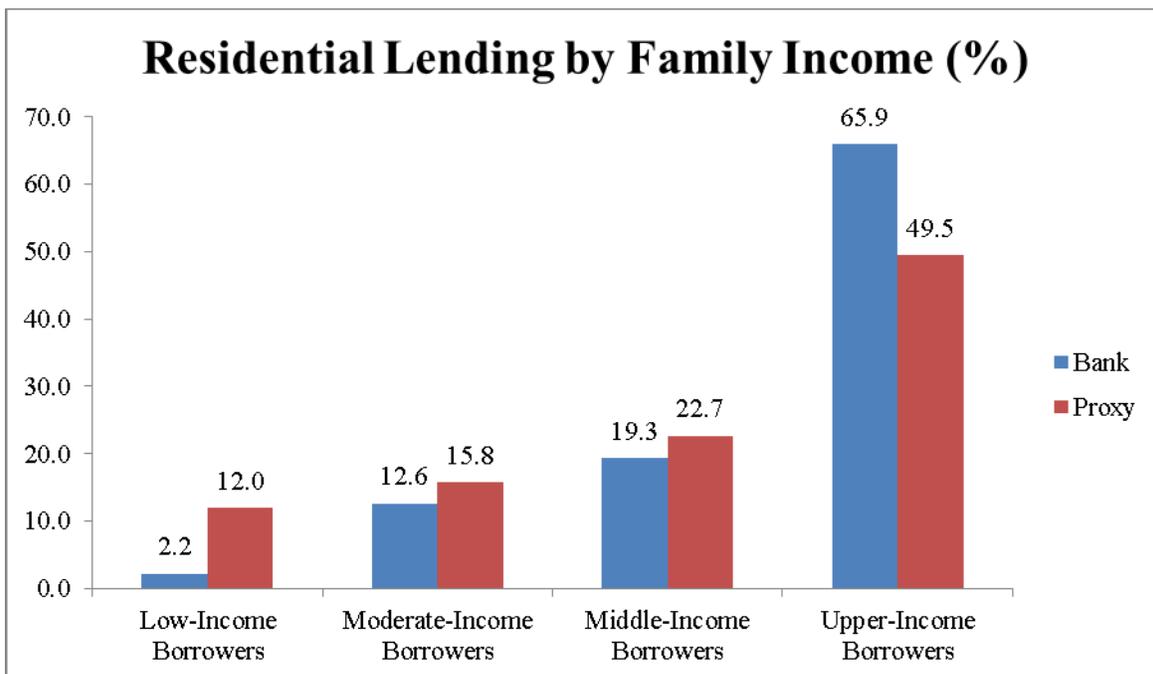
⁸ National peer group consists of all commercial banks having assets between \$100 and \$300 million in nonmetropolitan areas with three or more full-service offices.

Borrower Distribution of Lending

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

Residential Lending

During the evaluation period, St. Henry’s residential lending was compared to the income levels of families in the assessment area (proxy). Borrower income was not known for eight loans; therefore, for the chart below the residential lending numbers were adjusted to exclude the loans where income was unknown. As illustrated in the charts below, lending to low-income families was substantially below proxy. Lending to moderate- and middle-income tracts was similar to proxy and upper-income tracts were above proxy.

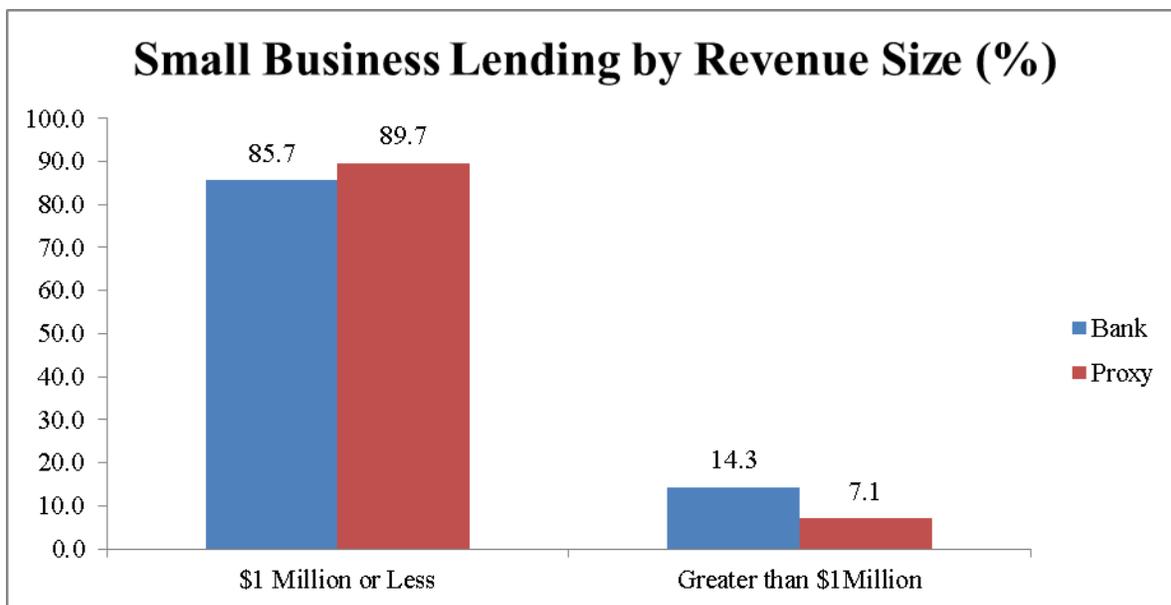


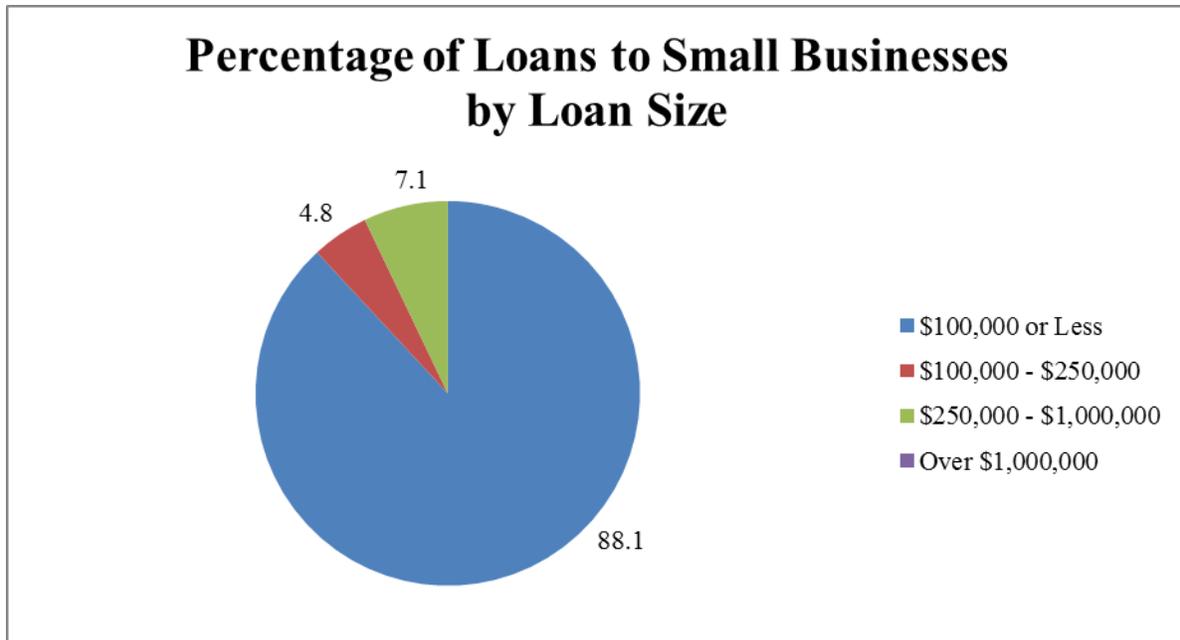
As previously stated, based on the median family income for the assessment area (\$61,604), approximately 32.1% of the homes valued up to \$100,412 would be affordable for low-income individuals and 63.2% of the homes valued up to \$160,660 would be affordable for moderate-income individuals. Consequently, it may be challenging for these families to qualify for a residential loan, since 5.9% of families and 8.4% of households in the assessment area have incomes below the poverty level. On average, the housing stock of lower-priced homes is typically older than higher-priced homes, making repair costs higher for these properties, which also affects affordability for low-income borrowers.

St. Henry's percentage of loans to moderate-, middle-, and upper-income families was similar to or exceeded proxy for other loan categories. Therefore, borrower distribution of residential lending is considered adequate.

Small Business Lending

There were 75 small business loans originated in the assessment area during the evaluation period totaling \$12.7 million. Small businesses are defined as those with gross revenues of less than or equal to \$1 million in a calendar year. The gross revenues of some underlying businesses were not known for 26 loans; therefore, for both charts below, the small business numbers were adjusted to exclude loans with unknown revenues. The majority (85.7%) of the remaining loans was originated to businesses with revenues of \$1 million or less and was compared to the demographic proxy of 89.7%.

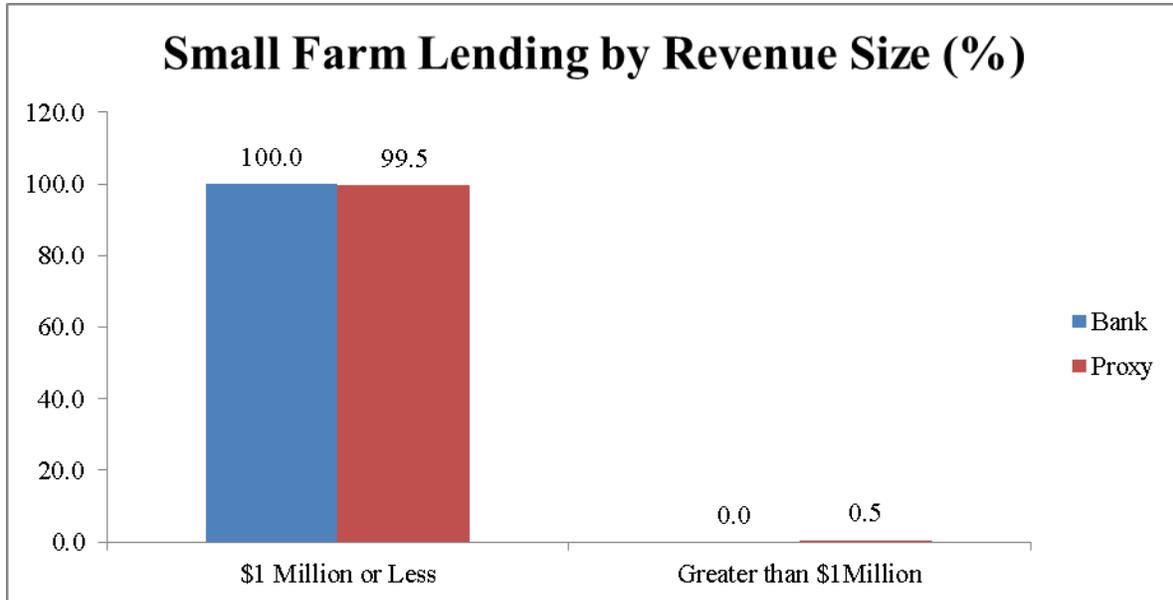




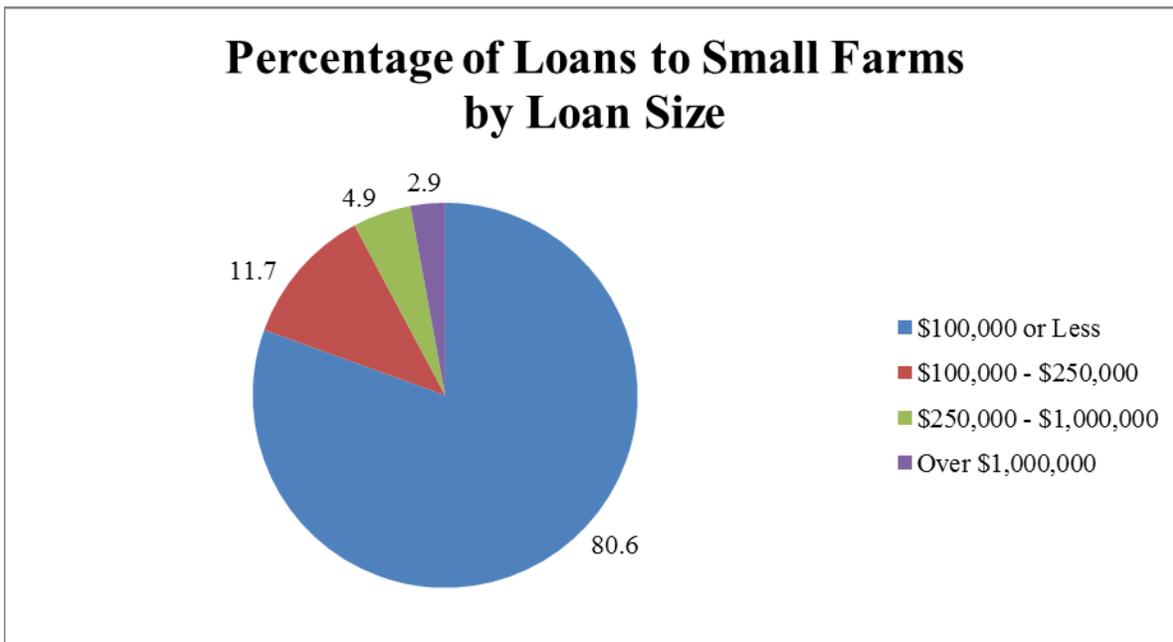
According to the data, 88.1% of small business loans were for \$100,000 or less and only 7.1% of the loans were for loans from \$100,000-\$250,000. This reflects the bank's willingness to make smaller dollar loans. Given these factors, the borrower distribution of small business loans is good.

Small Farm Lending

There were 103 small farm loans originated in the assessment area during the evaluation period totaling \$9.9 million. All small farm lending (100.0%) for St. Henry was made to small farms with revenues of \$1 million or less as compared to the percentage of small farms (99.5%) in the assessment area. The gross revenues of some underlying businesses were not known for 12 loans; thus, for the chart below, the small farm numbers were adjusted to exclude loans with unknown revenues.

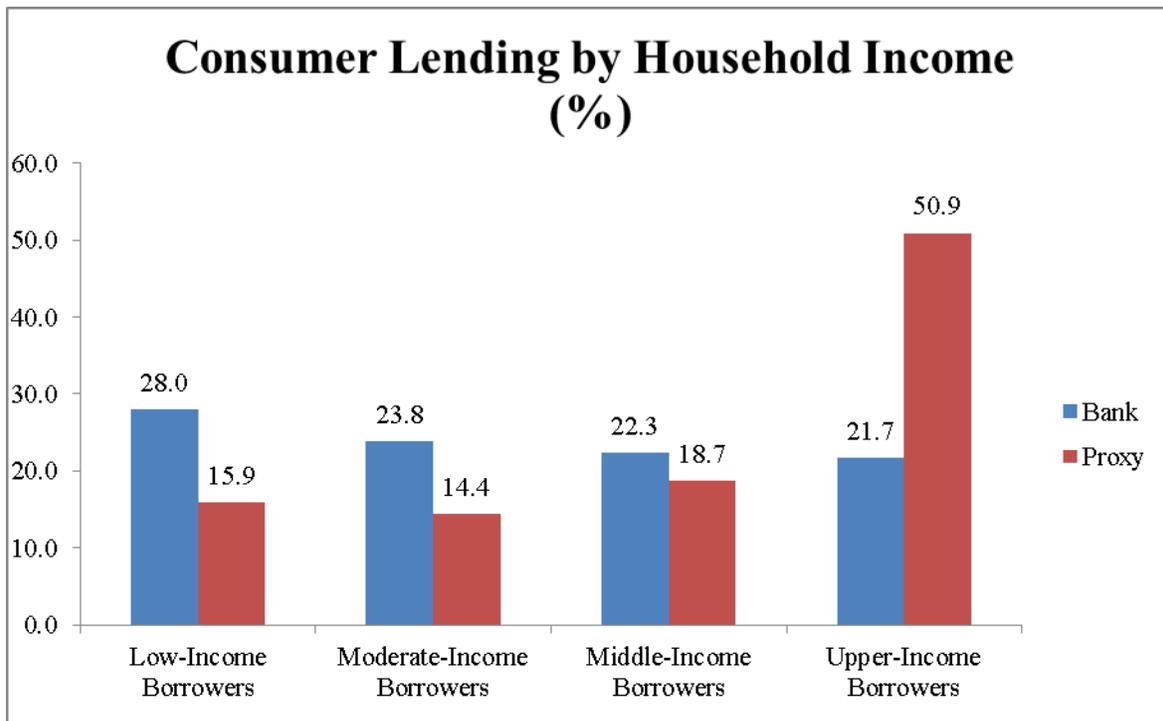


Further analysis shows the majority of small farm loans were for \$100,000 or less (80.6%). Thus, St. Henry’s small farm lending activity is excellent and demonstrates the bank is effectively meeting the credit needs of its community.



Consumer Lending

The following chart shows the percentage of loans originated to low, moderate, middle, and upper-income borrowers as compared to the household income of the assessment area. Borrower income was not known for 16 loans; therefore, for the chart below the consumer lending numbers were adjusted to exclude the loans where income was unknown.



As indicated by the chart, consumer lending in all income categories except upper-income exceeds proxy. Therefore, St. Henry's consumer lending to borrowers of different income levels is excellent and demonstrates a strong commitment to meeting the needs of consumers in the area.

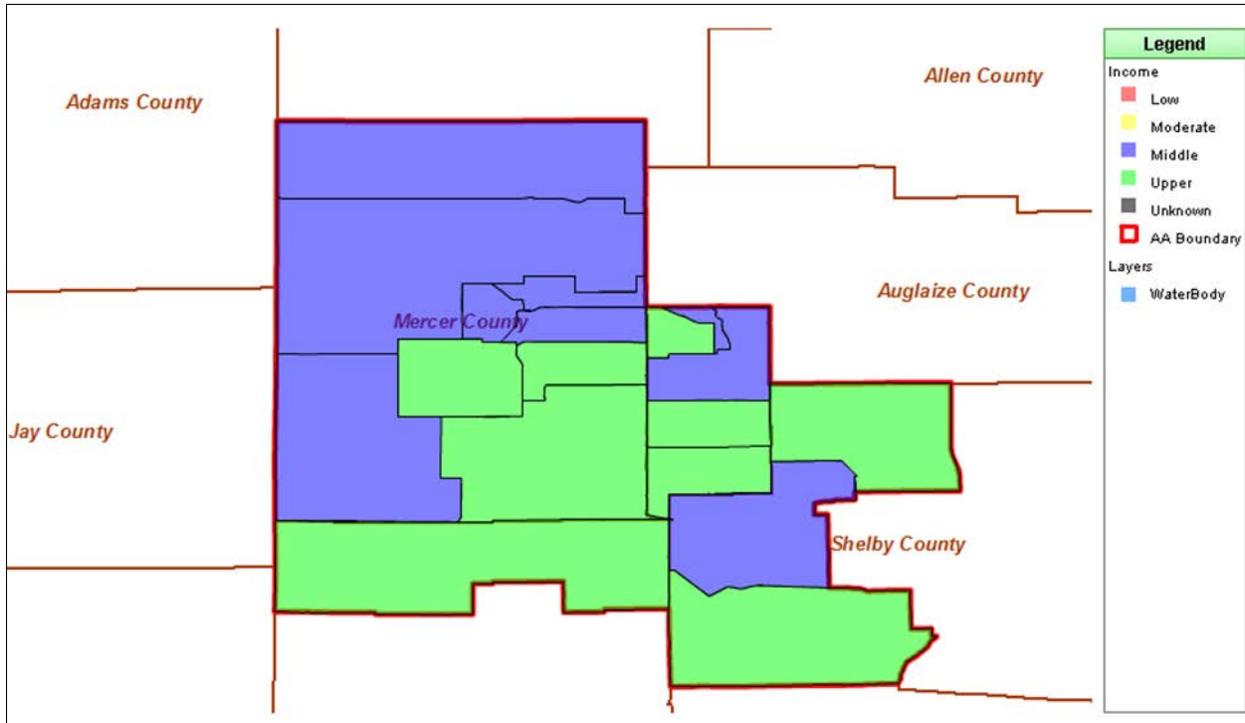
Consumer Complaints

No CRA-related complaints were filed against St. Henry 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 the community's credit needs was identified during this evaluation period.

APPENDIX A
ASSESSMENT AREA MAP



APPENDIX B

LENDING TABLES

CRA Loan Distribution Table

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	18	24.0%	1,889	14.9%	51	49.5%	6,723	67.3%
Upper	57	76.0%	10,809	85.1%	52	50.5%	3,274	32.7%
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	75	100.0%	12,698	100.0%	103	100.0%	9,997	100.0%
	By Revenue							
Total \$1 Million or Less	42	56.0%	3,293	25.9%	91	88.3%	7,532	75.3%
Over \$1 Million	7	9.3%	5,374	42.3%	0	0.0%	0	0.0%
Not Known	26	34.7%	4,031	31.7%	12	11.7%	2,465	24.7%
Total	75	100.0%	12,698	100.0%	103	100.0%	9,997	100.0%
	By Loan Size							
\$100,000 or less	50	66.7%	1,856	14.6%	83	80.6%	2,628	26.3%
\$100,001 - \$250,000	12	16.0%	1,973	15.5%	12	11.7%	2,003	20.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	12	16.0%	5,469	43.1%	5	4.9%	1,954	19.5%
Over \$1 Million (Bus)-\$500k (Farm)	1	1.3%	3,400	26.8%	3	2.9%	3,412	34.1%
Total	75	100.0%	12,698	100.0%	103	100.0%	9,997	100.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	37	88.1%	1,275	38.7%	78	85.7%	2,293	30.4%
\$100,001 - \$250,000	2	4.8%	373	11.3%	8	8.8%	1,373	18.2%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	3	7.1%	1,645	50.0%	3	3.3%	1,154	15.3%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	2	2.2%	2,712	36.0%
Total	42	100.0%	3,293	100.0%	91	100.0%	7,532	100.0%

*Information based on 2010 ACS data

Consumer Loan Distribution Table

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loans							
Low	0	0.0%	0	0.0%	47	25.5%	356	20.6%
Moderate	0	0.0%	0	0.0%	40	21.7%	356	20.6%
Low/Moderate Total	0	0.0%	0	0.0%	87	47.3%	712	41.2%
Middle	19	10.3%	237	13.7%	41	22.3%	349	20.2%
Upper	165	89.7%	1,491	86.3%	40	21.7%	561	32.4%
Unknown	0	0.0%	0	0.0%	16	8.7%	107	6.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	184	100.0%	1,728	100.0%	184	100.0%	1,728	100.0%
	Residential Loans							
Low	0	0.0%	0	0.0%	3	2.1%	181	0.8%
Moderate	0	0.0%	0	0.0%	17	11.9%	1,811	8.3%
Low/Moderate Total	0	0.0%	0	0.0%	20	14.0%	1,993	9.2%
Middle	37	25.9%	5,318	24.4%	26	18.2%	3,289	15.1%
Upper	106	74.1%	16,453	75.6%	89	62.2%	15,656	71.9%
Unknown	0	0.0%	0	0.0%	8	5.6%	832	3.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	143	100.0%	21,770	100.0%	143	100.0%	21,770	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	50	15.3%	538	2.3%
Moderate	0	0.0%	0	0.0%	57	17.4%	2,167	9.2%
Low/Moderate Total	0	0.0%	0	0.0%	107	32.7%	2,705	11.5%
Middle	56	17.1%	5,555	23.6%	67	20.5%	3,638	15.5%
Upper	271	82.9%	17,944	76.4%	129	39.4%	16,217	69.0%
Unknown	0	0.0%	0	0.0%	24	7.3%	939	4.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	327	100.0%	23,499	100.0%	327	100.0%	23,499	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 refinancing 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 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 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 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 geography.