

PUBLIC DISCLOSURE

November 24, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Corn City State Bank
043920200000
201 West Main Street
P.O. Box 197
Deshler, Ohio 43516

Supervisory Agency: Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: 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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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act ("CRA") performance of The Corn City State Bank, Deshler, Ohio, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of November 24, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

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

The Corn City State Bank ("CCSB") has an outstanding record of helping to meet the credit needs of its entire community, consistent with the bank's resources and capabilities. The bank's loan-to-deposit ratio is more than reasonable, a substantial majority of CCSB's loans are within its assessment area, loans are reasonably dispersed throughout the assessment area, and loans reflect an excellent penetration among individuals of different income levels, including low- and moderate-income individuals and small businesses.

DESCRIPTION OF INSTITUTION

The Corn City State Bank's main office is located at 201 West Main Street, Deshler, Ohio. Based on its size and financial condition, the bank is able to effectively meet the credit needs of the communities in its assessment area. The types of credit offered, as noted in the bank's public file, include consumer loans, real estate loans, and loans to finance agriculture and small businesses.

The bank reported total assets of \$34.9 million in its June 30, 1997, Report of Condition and Income ("Call Report"). Table 1 reflects the distribution of the bank's loan portfolio as of that date.

Table 1

LOAN PORTFOLIO DISTRIBUTION AS OF JUNE 30, 1997		
Type of Loan	Amount (In Thousands)	Percentag e of Total Loans
Commercial loans	148	0.74%
Loans secured by real estate:		
Secured by nonfarm, nonresidential properties	1,173	5.89%
Revolving, open end loans secured by 1- to 4-family residential properties	0	0.00%
Loans secured by 1- to 4-family residential properties	10,823	54.37%
Secured by farmland	2,381	11.96%
Construction and land development	621	3.12%
Secured by multifamily (5 or more) residential properties	368	1.85%
Agricultural loans	468	2.35%
Consumer loans	3,635	18.26%
Other	291	1.46%
Total	19,908	100.00%

The bank's performance under CRA was rated ~~A~~Satisfactory[@] at the previous examination of April 22, 1996.

DESCRIPTION OF CCSB'S ASSESSMENT AREA

The bank's assessment area is generally defined as portions of Henry, Putnam, and Wood Counties. More specifically, the bank has determined its assessment area to include the following census tracts and block numbering areas:

Henry County

9805 9806

Putnam County

301

Wood County

223 224

The following table shows the distribution of those census tracts and block numbering areas ("BNAs") among the four income categories:

Table 2

INCOME CLASSIFICATION OF CENSUS TRACTS/BNAs IN ASSESSMENT AREA					
	Census Tract Income Classifications ⁶				
	Low ¹	Moderate ₂	Middle ³	Upper ⁴	Total
Number of Tracts	0	1	4	0	5
Percentage of Total Tracts*	0%	20%	80%	0%	100%
Population ⁵	0	3,218	16,050	0	19,268
Percentage of Total Population*	0%	17%	83%	0%	100%
Number of Households ⁵	0	1,214	5,399	0	6,613
Percentage of Total Households*	0%	18%	82%	0%	100%
Owner-Occupied Households ⁵	0	827	4,522	0	5,349
Percentage of Total OOH*	0%	15%	85%	0%	100%
Number of Families ⁵	0	878	4,322	0	5,200
Percentage of Total Families*	0%	17%	83%	0%	100%

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income.

2 At least 50 percent and less than 80 percent of the MSA median family income.

3 At least 80 percent and less than 120 percent of the MSA median family income.

4 120 percent or more of the MSA median family income.

5 Based on 1990 Census Data information.

6 Based on HUD-s estimated median family income for the MSA of 8400 which was \$38,800 in 1997.

* May not total 100 percent due to rounding.

Based on the information from the 1990 census, there are 19,268 persons and 6,613 households within The Corn City State Bank's assessment area. The median household income in the assessment area is \$28,243, and the median family income is \$32,346. The median family income in Ohio for 1997 is \$38,800. Household income includes the income of all persons residing within a household, while family income includes only the income of persons related by blood, marriage, or adoption within a household.

Deshler, a small rural community in Henry County with a population of just under 1,900, is home to The Corn City State Bank, the only bank in Deshler. Henry County is located in the northwest portion of the state. The Maumee River flows through Henry County.

Once a part of the **AGreat Black Swamp**, Henry County is now primarily an agricultural area with main crops of wheat, corn, and processing tomatoes.

The area's largest employer is Campbell Soup Company which employs 1, 800. The next two largest employers are Tenneco Automotive and Henry County. Each of these entities employs approximately 400. Other large employers include hospitals and health care establishments, the local school districts, and manufacturers.

The population in Deshler and Henry County has grown slightly over the past five years. Overall, the economy is good. The November 1997 unemployment rates for Henry, Putnam, and Wood Counties were 4.0%, 3.9%, and 3.1%, respectively, which are well below that of the state unadjusted average of 4.2% and the national unadjusted average of 4.3% for the same time period.

One community contact was conducted in conjunction with the examination. This contact provided information used in developing the performance context for the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

The bank's CRA performance was analyzed using interagency examination procedures. The analysis includes the following criteria:

- ! loan-to-deposit ratio;
- ! lending activity inside and outside of the bank's assessment area;
- ! distribution of loans to borrowers of different income levels;
- ! distribution of loans to businesses and farms of different sizes;
- ! reasonableness of the geographic distribution of loans within the bank's assessment area;
- ! bank's response to written complaints regarding its performance in helping to meet the credit needs of the assessment area.

Loan-to-Deposit Ratio

The Corn City State Bank's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The bank's average loan-to-deposit ratio for the five quarters between examinations, based on June 30, 1997, Call Report information, is 71.91%. As listed in the June 30, 1997, Uniform Bank Performance Report, the bank's loan-to-deposit ratio was 72.95% which is significantly higher than the national peer average of 64.44% for banks of similar size for the same time period.

Lending Volume Within Assessment Area

Based on a sample of loans reviewed during the examination, it appears that a substantial majority of loans are in the bank's assessment area. Three loan types which were determined to be the bank's major loan types were sampled, including consumer, residential, and small business/farm loans.

Of the total number and total dollar volume of loans sampled, 93% and 84%, respectively, were originated within the bank's assessment area. As shown in the following table, the concentration of the number and dollar volume of loans within the assessment area substantially exceeds standards.

Table 3

DISTRIBUTION OF LOANS IN AND OUT OF THE ASSESSMENT AREA								
Loan Type	<i>Inside the Assessment Area</i>				<i>Outside the Assessment Area</i>			
	Number of Loans	%	\$ Amount of Loans	%	Number of Loans	%	\$ Amount of Loans	%
All Consumer Loans	87	94%	\$ 313,011	86%	6	9%	\$ 50,052	14%
Residential Loans	38	93%	\$1,637,633	81%	3	7%	\$395,000	19%
Small Business/Farm Loans	41	98%	\$ 524,764	97%	1	2%	\$ 15,000	3%
Total	166	94%	\$2,475,408	84%	10	6%	\$460,052	16%

Lending to Borrowers of Different Incomes

The distribution of borrowers, given the demographics of the assessment area, reflects an excellent penetration among borrowers of different income levels, particularly low- and moderate-income borrowers.

Overall, the distribution of total loans sampled to low- and moderate-income level borrowers is significant. For instance, 61% of all consumer loans were made to borrowers of low- to moderate-income levels, while 37% of all residential loans were made to low- to moderate-income borrowers. Such percentages are particularly noteworthy considering that only

35.3% of the families in the assessment area are low- to moderate-income, of which 7.7% are families whose incomes fall below the poverty level. The following table shows the breakdown of loan types to borrowers within the different income levels by loan product for the assessment area.

Table 4

DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER									
Income Level	<i>Consumer-All</i>				<i>Residential</i>				<i>% of Families⁵</i>
	No.	%	\$ Amount	%	No.	%	\$ Amount	%	%
Low¹	20	23	16,238	5	5	13	85,045	5	16.9
Moderate²	33	38	130,462	42	9	24	348,653	21	18.4
Middle³	23	26	79,612	25	12	32	527,470	32	29.0
Upper⁴	11	13	86,699	28	17	32	76,465	41	35.7

- 1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income
- 2 At least 50 percent and less than 80 percent of the MSA median family income
- 3 At least 80 percent and less than 120 percent of the MSA median family income
- 4 120 percent or more of the MSA median family income
- 5 Represents the percentage of families in the assessment area categorized by income level.

Additionally, the distribution of small business loans within the assessment area by borrower revenue is also significant. As shown in the following table, 95% of the loans originated were made to businesses and farms with revenues less than \$1,000,000.

Table 5

DISTRIBUTION OF COMMERCIAL/AGRICULTURAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA				
Revenue Category¹	Number of Loans	%	Dollar Amount of Loans	%
Less than \$100,000	33	81	231,147	44
Greater than or equal to \$100,000 but less than \$250,000	3	7	76,010	14
Greater than or equal to \$250,000 but less than \$500,000	3	7	50,000	10
Greater than or equal to \$500,000 but less than	0	0	0	0

DISTRIBUTION OF COMMERCIAL/AGRICULTURAL LOANS SAMPLED WITHIN THE ASSESSMENT AREA				
Revenue Category ¹	Number of Loans	%	Dollar Amount of Loans	%
\$1,000,000				
Greater than or equal to \$1,000,000	2	5	167,607	32

¹ Based on gross annual revenue figures

Geographic Distribution Within Assessment Area

The bank's overall geographic distribution of loans reflects a reasonable dispersion throughout the bank's assessment area given the bank's location, size, and level of competition. As depicted in the following table, the majority of loans made were concentrated in middle- and upper-income census tract areas.

The analysis of the data, in table 6, shows that, while 20% of the assessment area is comprised of one moderate-income level census tract, only 2% of the number of loans were made within this tract. The low volume of lending in this census tract appears to be affected by the location of the bank's office. The moderate-income tract is located in the eastern portion of the assessment area, an area in which CCSB has no branches. Additionally, this tract primarily consists of the Village of North Baltimore which currently has a local branch of Huntington, Mid-Am, and First Federal banks which makes it difficult for CCSB to compete in that market.

Table 6

DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA BY INCOME LEVEL OF CENSUS TRACTS COMPARED TO CHARACTERISTICS OF THOSE TRACTS								
	Low- Income¹		Moderate- Income²		Middle-Income³		Upper-Income⁴	
	No.	\$	No.	\$	No.	\$	No.	\$
Consumer-All	0	0	2	3,207	85	309,804	0	0
<i>Percent of Total</i>	0%	0%	2%	1%	98%	99%	0%	0%
Residential	0	0	0	0	38	1,637,633	0	0
<i>Percent of Total</i>	0%	0%	0%	0%	100%	100%	0%	0%
Small Business/Farm	0	0	0	0	41	524,764	0	0
<i>Percent of Total</i>	0%	0%	0%	0%	100%	100%	0%	0%
Number of tracts in Assessment Area <i>Percentage of Tracts</i>	0 0%		1 20%		4 80%		0 0%	
Number of Families by Tract <i>Percentage of Families</i>	0 0%		878 16.9%		4,322 83.1%		0 0%	
Owner- Occupied Households by Tract <i>Percentage of Households</i>	0 0%		827 15.5%		4,522 84.5%		0 0%	

¹ Census tract having less than 50 percent of the MSA median family income.

² Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.

- ³ Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.
- ⁴ Census tracts having 120 percent or more of the MSA median family income.

ADDITIONAL FACTORS

No complaints were received by the Federal Reserve Bank of Cleveland or The Corn City State Bank regarding the bank's performance under the Community Reinvestment Act.

No substantive violations of the fair lending laws were noted during the examination. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.