

PUBLIC DISCLOSURE

August 6, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Community Savings Bank
RSSD #2544991

101 Robins Square Court
Robins, Iowa 52328

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

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: Community Savings Bank is rated **satisfactory**.

This institution is helping to meet the credit needs within its assessment area. The institution's loan-to-deposit (LTD) ratio is reasonable, and a substantial majority of its loans are in the assessment area. The distribution of loans among borrowers of different income and revenue levels and among the geographies in the assessment area is reasonable, taking into account the characteristics of the bank and the credit needs of the assessment area. There were no complaints received by the institution or this Reserve Bank since the previous evaluation regarding the institution's CRA performance.

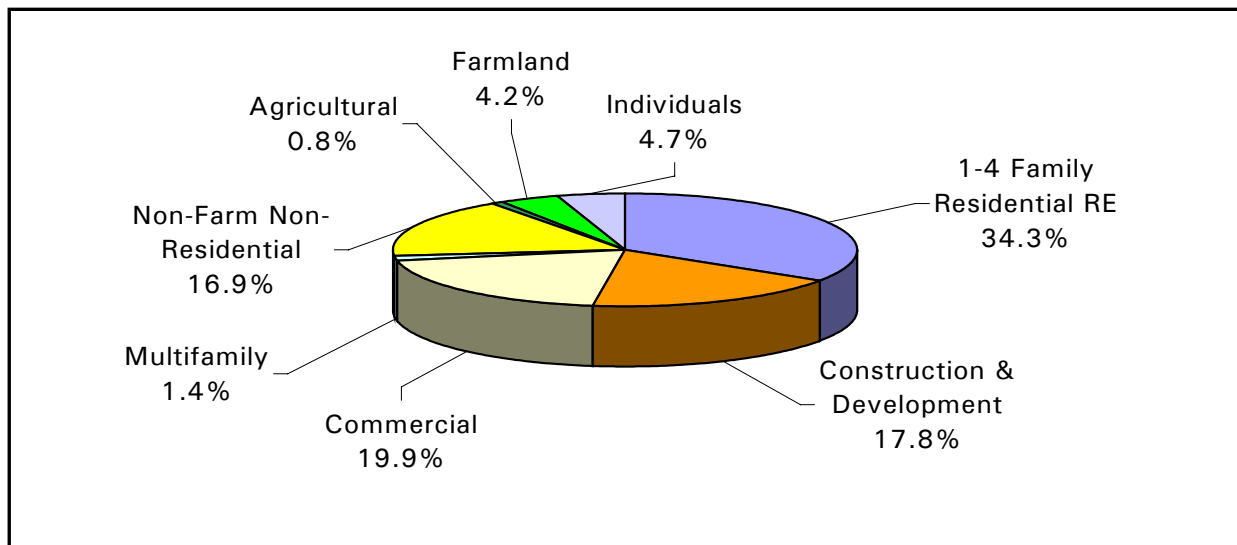
The bank was rated satisfactory under the CRA during the previous evaluation as of July 6, 1998.

DESCRIPTION OF INSTITUTION

Community Savings Bank is a subsidiary of Community Financial Corporation, a two-bank holding company in Edgewood, Iowa. Community Savings Bank is located in Robins, Iowa, which is approximately five miles north of Cedar Rapids, Iowa. The bank offers standard loan and deposit products from its main office in Robins and a branch office in Cedar Rapids. The main office in Robins was established on September 22, 1997, and the Cedar Rapids office was opened on June 4, 2001.

According to the Uniform Bank Performance Report, the bank had \$45 million in total assets as of June 30, 2002. Exhibit 1 illustrates the distribution of the bank's loan portfolio as of that date. As shown, the loan portfolio is predominately comprised of 1-4 family residential real estate and commercial loans.

Exhibit 1 – Composition of Community Savings Bank's Loan Portfolio



The bank’s peer group includes all commercial banks having assets between \$25 and \$50 million with 2 or more banking offices and located in a metropolitan area. Competition includes Guaranty Bank & Trust Company and BankIowa, Cedar Rapids, Iowa; Farmers State Bank, Marion, Iowa; U.S. Bank, NA, Minneapolis, Minnesota; and Commercial Federal Bank, Omaha, Nebraska. According to the FDIC/OTS Summary of Deposits Market Share Report, as of June 30, 2001, Community Savings Bank ranked 12th among the 26 financial institutions in Linn County, with 1.23% of the total deposits.

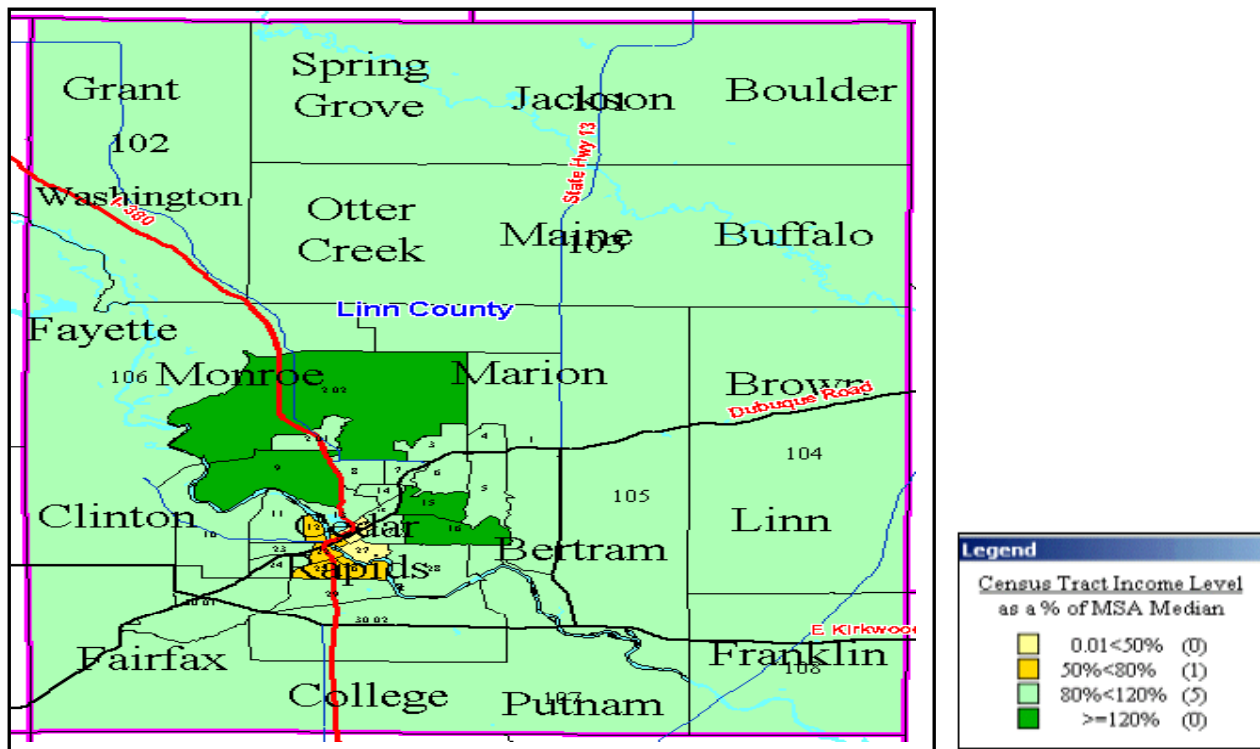
There are no apparent factors relating to the bank’s financial condition, size, products offered, prior performance, legal impediments, or local economic conditions that would prevent the bank from meeting the credit needs of the community.

DESCRIPTION OF ASSESSMENT AREA

An institution’s assessment area(s) will include the towns, counties, or other political subdivisions where its branches are located and a substantial portion of its loans are made. Assessment area(s) must consist of one or more geographies defined by block numbering areas (BNAs) or census tracts, which are statistical subdivisions of a county. Census tracts are primarily used in metropolitan areas, while BNAs are used in non-metropolitan areas. 1990 U.S. Bureau of Census data is used in this evaluation, unless stated otherwise.

Exhibit 2 shows the bank’s assessment area, which consists of Linn County or the Cedar Rapids Metropolitan Statistical Area (MSA) #1360. The 2000 U.S. Bureau of Census indicates the population for Linn County is 191,701, which represents an increase of 14.0% since 1990.

Exhibit 2 – Assessment Area



Low-income is defined as less than 50% of median family income, moderate-income as 50% to less than 80% of median family income, middle-income as 80% to less than 120% of median family income, and upper-income as 120% or more of median family income.

The bank's assessment area includes forty geographies, of which three are classified as low-income, five as moderate-income, twenty-eight as middle-income, and four as upper-income. Exhibit 3 shows the median family income and the distribution of families by income level for the assessment area and the State of Iowa.

Exhibit 3 – Median Family Income and Distribution of Families by Income Level

Location	Median Family Income (\$)	Percent of Families				
		Low	Moderate	Middle	Upper	Below Poverty Level
Assessment Area	38,606	16.1	19.1	28.6	36.2	5.8
State of Iowa	31,659	17.8	18.9	25.8	37.5	8.4

In contrast to the 1990 income shown in Exhibit 3, estimates provided by the Department of Housing and Urban Development (HUD) indicate the 2002 median family incomes for the assessment area and Metropolitan Iowa are \$66,900 and \$60,500, respectively.

Housing in the assessment area consists of 68,357 units. Approximately 67.5% of these units are owner-occupied and 28.3% are occupied-rental units; compared to 65.2% and 27.9%, respectively, for the State of Iowa. The median age of housing stock in the assessment area is 34 years, similar to 35 years for the State of Iowa. The median housing value in the assessment area is \$53,317, which is higher than the median housing value for the State of Iowa at \$45,519.

Affordability ratios, developed by dividing the median household income by the median household value for a given area or groups of geographies, are helpful in comparing costs for different areas. An area with a higher ratio generally has more affordable housing than an area with a lower ratio.

The affordability ratios for the assessment area and for the State of Iowa are 0.61 and 0.58, respectively, indicating that housing is slightly more affordable in the assessment area than in the rest of the State of Iowa.

The economy in the Robins - Cedar Rapids area is largely dependent upon the communications industry, as well as health care, manufacturing, and education. The economy in the surrounding area is primarily dependent upon agriculture. Major area employers are shown in Exhibit 4.

Exhibit 4 – Primary Local Employers*

Employer	City	Employees	Description
Rockwell Collins	Cedar Rapids	6300	Communications Instruments
Amana Appliances	Cedar Rapids	2950	Household Appliances
Cedar Rapids Community Schools	Cedar Rapids	2472	Education
IES Utilities	Cedar Rapids	2282	Utilities
McLeod*USA	Cedar Rapids	1966	Telecommunications Service
St. Luke's Hospital	Cedar Rapids	2250	Health Care
Quaker Oats	Cedar Rapids	1236	Cereal, chemicals
Mercy Medical Center	Cedar Rapids	1700	Health Care
MCI WorldCom, Inc.	Cedar Rapids	1600	Telephone Communications
City of Cedar Rapids	Cedar Rapids	1284	City Government, Services
AEGON USA	Cedar Rapids	1279	Insurance-Home Office
APAC Customer Services	Cedar Rapids	1159	Telephone Marketing Services
Kirkwood Community College	Cedar Rapids	1100	Education
Cedarapids Inc.	Cedar Rapids	892	Rock Crushing/Asphalt Paving Equip.
Parsons Technology	Hiawatha	877	Computer Software/Services
Linn-Mar Community Schools	Marion	545	Education

* Sources: I-media Online

According to the Iowa Workforce Development, the State of Iowa unemployment rate increased from 3.3% in June 2001 to 3.6% in June 2002. The unemployment rate for Linn County increased from 2.7% to 3.8% during the same time period. Nevertheless, community representatives stated the economy is relatively strong.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: The bank's LTD ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income and farms and businesses of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints.

To determine CRA performance, the above standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses

of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LOAN-TO-DEPOSIT RATIO

Community Savings Bank's LTD ratio is reasonable and meets the standards for satisfactory performance. Exhibits 5 and 6 illustrate comparisons of the bank's LTD ratios for the eight quarters ending June 30, 2002 to the LTD ratios of its peer group, a sample of local competitors, and a sample of Iowa institutions with similar asset size.

Exhibit 5 – LTD Ratios for Community Savings Bank, Peer Group, and a Sample of Local Competitors

Bank Name, City, and Assets \$(Millions) as of 6/30/02	Quarterly and Average Ratios (%)								
	6/02	3/02	12/01	9/01	6/01	3/01	12/00	9/00	Avg.
Community Savings Bank, Robins, \$45	74.7	72.5	75.0	83.8	84.9	84.3	85.5	89.2	81.2
Peer	70.5	69.4	70.0	70.6	71.0	70.1	70.5	70.4	70.3
Farmers State Bank, Marion, \$394	71.1	72.0	70.9	68.8	69.8	70.7	69.9	75.2	71.1
Guaranty Bank & Trust Co., Cedar Rapids, \$202	80.9	77.5	80.9	79.9	82.8	83.8	84.1	82.3	81.5
BankIowa, Cedar Rapids, \$304	89.2	88.2	88.2	86.9	89.8	88.6	88.2	85.3	88.1

Exhibit 6 – LTD Ratios for Community Savings Bank and a Sample of Iowa Banks with Similar Asset Size

Bank Name, City, and Assets \$(Millions) as of 6/30/02	Quarterly and Average Ratios (%)								
	6/02	3/02	12/01	9/01	6/01	3/01	12/00	9/00	Avg.
Community Savings Bank, Robins, \$45	74.7	72.5	75.0	83.8	84.9	84.3	85.5	89.2	81.2
Bellevue State Bank, Bellevue, \$45	82.7	79.4	79.0	83.6	83.7	84.7	83.3	84.3	82.6
Denver Savings Bank, Denver, \$46	80.9	81.0	83.4	87.9	84.3	86.4	84.8	86.8	84.4
Farmers State Bank, Hawarden, \$45	77.9	71.8	79.5	77.2	76.9	70.2	70.7	73.1	74.7
First National Bank Cedar Falls, Cedar Falls, \$46	87.7	86.3	84.2	85.7	88.0	79.3	77.1	84.2	84.1
First National Bank New Hampton, New Hampton, \$46	72.0	68.5	67.9	65.4	60.1	65.1	65.7	70.8	66.9
Hampton State Bank, Hampton, \$46	72.7	62.8	67.7	77.0	77.4	81.4	81.1	80.6	75.1
Keokuk City State Bank, Sigourney, \$46	74.0	74.3	79.1	80.6	86.4	77.2	76.8	76.4	78.1
Panora State Bank, Panora, \$45	67.8	69.9	70.3	78.2	79.0	85.2	84.9	90.2	78.2

Security State Bank, Sutherland, \$45	84.6	75.7	75.9	77.6	76.8	75.0	72.6	79.1	77.2
Union National Bank, Anita, \$46	108.1	99.5	106.5	108.4	104.9	105.4	95.5	102.0	103.8

LENDING IN THE ASSESSMENT AREA

The concentration of Community Savings Bank's loans in its assessment area meets the standards for satisfactory performance, based on the review of the bank's primary loan products, consisting of home mortgage and commercial loans. The review included loans reported in the 2001 Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR), as well as commercial loans originated in the year ending April 30, 2002.

Home mortgage loans include 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.

The loan sample review indicates that a substantial majority of the bank's loans are originated within the assessment area, as illustrated in Exhibit 7.

Exhibit 7 –Number and Percent of Loans in the Assessment Area by Loan Type

Loan Type	Number of Loans in the Sample	Loans Within the Assessment Area	
		Number	Percent of Number
2001 HMDA loans	90	80	88.9
Commercial	137	117	85.4
Totals	227	197	86.8

LENDING TO BORROWERS OF DIFFERENT INCOME LEVELS AND TO BUSINESSES AND FARMS OF DIFFERENT SIZES

The overall distribution of the bank's loans and other lending-related activities among borrowers of different income and revenue levels meets the standards for satisfactory performance. This conclusion is based on the review of the 2001 HMDA-LAR, and commercial and agricultural loans reported in the June 30, 2002 Consolidated Report of Condition, taking into account the characteristics of the bank and of the assessment area.

Home Mortgage Loans

As shown in Exhibit 8, the percentage of loans made by Community Savings Bank to low- and moderate-income borrowers is below the percentage of loans made to these borrowers by all lenders in the Cedar Rapids MSA. It is also below the percentage of families in the assessment area that are classified as low- and moderate-income. Community representatives indicated government sponsored loan programs that target the low- and moderate-income individuals are popular, and local financial institutions aggressively seek opportunities to provide loans, homebuyer seminars, and pre-qualification programs. No

unmet credit needs were identified.

Exhibit 8 – Distribution of 2001 HMDA Loans in the Assessment Area by Family Income Level

Family Income Level	Community Savings Bank		Aggregate		Percent of Families
	#	%	#	%	
Low	6	7.5	684	11.7	16.1
Moderate	14	17.5	1,452	24.9	19.1
Middle	31	38.8	1,755	30.1	28.6
Upper	29	36.2	1,947	33.3	36.2
Totals	80	100.0	5,838	100.0	100.0

Loans to Businesses and Farms

Exhibit 9 shows the number and dollar amount of loans to small businesses reported by the bank in the Consolidated Report of Condition dated June 30, 2002. As shown, the majority of the number of loans were originated in amounts of \$100,000 or less; these amounts are typically most useful to small businesses. Loans in original amounts of \$1,000,000 or less represented 95.7% of the bank's total commercial loan portfolio.

Exhibit 9 – Distribution of Business Loans

Original Dollar Amount	Outstanding Number	Outstanding Dollar Amount (000's)
Loans Secured by Nonfarm Nonresidential Properties		
Less than or equal to \$100,000	7	506
Greater than \$100,000 through \$250,000	8	1,156
Greater than \$250,000 through \$1 million	11	3,562
Total	26	5,224
Commercial and Industrial Loans		
Less than or equal to \$100,000	36	950
Greater than \$100,000 through \$250,000	12	1,298
Greater than \$250,000 through \$1 million	9	3,510
Total	57	5,758
Loans Secured by NonFarm Nonresidential Properties & Commercial and Industrial Loans		
Grand Total	83	10,982

The bank is primarily a residential real estate and commercial lender. Consequently, the volume of agricultural loans is low. Based on the Consolidated Report of Condition, the bank had twelve agricultural loans outstanding as of June 30, 2002. Of these loans, eight were made in amounts of \$100,000 or less.

Assessment area representatives stated that most farmers obtain financing from financial institutions located in the agricultural areas that surround the Robins - Cedar Rapids community.

The bank participates in flexible lending programs that enhance credit availability in the

assessment area. Exhibit 10 lists loans originated by the bank under these programs since the previous evaluation.

Exhibit 10 – Flexible Lending Programs

Government Subsidized Programs	Number	Original Dollar Amount
Small Business Administration	5	1,051,200
Farm Services Agency	3	1,323,235
Linked Investments For Tomorrow Program	3	101,000

GEOGRAPHIC DISTRIBUTION OF LOANS

A review of the geographic distribution of a sample of loans shows a reasonable distribution, taking into account the characteristics of the bank and the credit needs of the assessment area.

Home Mortgage Loans

As shown in Exhibit 11, the percentage of loans originated by the bank in low- and moderate-income geographies is generally reasonable in relation to the percentage of owner-occupied units located in these geographies and the percentage of loans originated by all lenders in the Cedar Rapids MSA. Community representatives stated that a significant portion of the residential units in the low- and moderate-income geographies have been converted to offices or purchased for rental purposes.

Exhibit 11 – Geographic Distribution of 2001 Home Mortgage Loans in the Assessment Area in Relation to Aggregate Lending

Income Level	Census Tracts		Owner-Occupied Units		Bank Loans		Aggregate Lending	
	#	%	#	%	#	%	\$	%
Low	3	7.5	508	1.1	0	0	45	0.6
Moderate	5	12.5	3,176	6.9	2	2.5	350	4.8
Middle	28	70.0	33,534	72.7	19	23.8	4,958	67.6
Upper	4	10.0	8,922	19.3	59	73.7	1,985	27.0
Total	40	100.0	46,140	100.0	80	100.0	7,338	100.0

Loans to Businesses and Farms

Exhibit 12 shows the distribution of a sample of business loans originated during the year ended April 30, 2002. As shown, the percentage of business loans originated in low- and moderate-income geographies is significantly below the percentage of businesses located in these geographies. According to community representatives, there is strong competition for loans within low- and moderate-income geographies, and no unmet credit needs were identified. It is also noted that on June 4, 2001, the bank opened a branch

within close proximity to a moderate-income geography.

Exhibit 12 – Geographic Distribution of Commercial Loans

Income Level	Geographies		Businesses		Bank Loans	
	#	%	#	%	#	%
Low	3	7.5	720	9.1	1	0.8
Moderate	5	12.5	833	10.5	8	6.5
Middle	28	70.0	5,237	65.9	76	61.3
Upper	4	10.0	1,156	14.5	39	31.4
Total	40	100.0	7,946	100.0	124	100.0

The bank did not make any agricultural loans in low- and moderate-income geographies during the sample period. As previously stated, community representatives indicated that most farmers obtain financing from financial institutions in the area surrounding Robins - Cedar Rapids, where most of the farms are located. None of the surrounding areas are classified as low- or moderate-income.

RESPONSE TO SUBSTANTIATED COMPLAINTS

No complaints were received by the institution or this Reserve Bank since the previous examination, regarding the institution's CRA performance.

FAIR LENDING

The bank is in compliance with the substantive provisions of the anti-discrimination laws and regulations, including the Equal Credit Opportunity and Fair Housing Acts. A sample of the bank's lending activity was reviewed to determine whether loan policies and lending standards were in compliance with the fair lending laws and regulations and implemented on an equitable basis. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.