FORM 10-K

Annual report pursuant to section 13 and 15(d)

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED] For the fiscal year ended December 31, 1998

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from ------------------ to --------------------

COMBANC, INC.

(Exact name of registrant as specified in its charter)

Ohio	34-1853493
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

230 E. Second St., P. O. Box 429 Delphos, Ohio	45833
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (419) 695-1055

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Shares, No Par Value (2,376,000 outstanding at December 31, 1998)

(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______

Based upon the average bid and asked prices of the Common Shares of the Registrant on February 12, 1999, the aggregate market value of the Common Shares of the Registrant held by non-affiliates on that date was $58,212,000.

Documents Incorporated by Reference:

Portions of the definitive Proxy Statement for the 1999 Annual Meeting of Shareholders for the fiscal year ended December 31, 1998, which is to be filed within 120 days of the end of the Company's fiscal year, are incorporated by reference into Part III of this Form 10-K. The incorporation by reference of portions of the Proxy Statement shall not be deemed to incorporate by reference the information referred to in Item 402 (a) (8) of Regulation S-K.

ITEM 1 - BUSINESS

INTRODUCTION

On April 13, 1998, shareholders of The Commercial Bank (the "Bank") approved a Merger Agreement ("Agreement") pursuant to which ComBanc, Inc. (the "Company") acquired all of the outstanding stock of the Bank as a result of the exchange of shares between the shareholders of the Bank and the Company. After the share exchange which became effective on August 31, 1998, the Bank survived as a wholly-owned subsidiary of the Company and continues its operations as The Commercial Bank. Under the terms of the Agreement, each one of the existing outstanding shares of the Banks common stock was exchanged for two of the Company's common shares so that each existing shareholder of the Bank became a shareholder of the Company, owning the same percentage of shares in the Company as the Bank. The shares of the company issued in connection with the transaction were not registered under the Securities Act of 1933, as amended (the "Act"), in reliance upon the exemption from registration set forth in Section 3(a) (12) of the Act.

As a result of the transaction described above, the Company is the successor issuer to the Bank pursuant to Rule 12g-3 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"). The Bank is subject to the informational requirements of the Exchange Act and in accordance with Section 12(I) thereof has timely filed reports and other information with the Board of Governors for the Federal Reserve System ("FRS"). Such reports and other information filed by the Bank with the FRS may be examined without charge at, or copies obtained upon payment of prescribed fees from, the Securities Disclosure Division, Board of Governors of the Federal Reserve System, Stop 153A, Washington, D.C. 20551.

Since the only asset of ComBanc is the investment in The Commercial Bank, the 1998 form 10-K will reflect the consolidated activity for 1998 compared with the Bank only for 1997 and 1996. A reader of these financial statements should refer to The Commercial Bank 1997 Form 10-K.

The Commercial Bank is a full service bank chartered under the laws of the State of Ohio in 1877, and is subject to regulation by the Ohio Superintendent of Banks and the Federal Reserve System. Commercial's principal executive offices are located at 230 E. Second St., Delphos, Ohio 45833, and its telephone number is (419) 695-1055. Commercial operates five branch facilities: the Main Street Branch Office at 246 N. Main St., Delphos, Ohio, the Elida Branch Office at 105 S. Greenlawn Ave., Elida, Ohio, the Gomer Banking Center at 4310 Lincoln Highway, Gomer, Ohio, the Lima Allentown Branch Office at 2600 Allentown Road, Lima, Ohio, and the newest facility at 2285 N. Cole St., Lima, Ohio opened in August of 1996.

At December 31, 1998, the Company had 85 full time equivalent employees.

MARKET AREA

The Bank operates primarily in Allen, Putnam and Van Wert Counties in northwestern Ohio. The Bank's market area is economically diverse, with a base of manufacturing, service industries, transportation and agriculture, and is not dependent upon any single industry or employer.

COMPETITION

Bank holding companies and their subsidiaries are subject to competition from various financial institutions and other "non-bank" or non-regulated companies or firms that engage in similar activities. The Bank competes for deposits with other commercial banks, savings banks, saving and loan associations, insurance companies and credit unions, as well as issuers of commercial paper and other securities, including shares in mutual funds. In making loans, the Bank competes with other commercial banks, savings banks, savings and loan associations, consumer finance companies, credit unions, insurance companies, leasing companies and other non-bank lenders.

The Company and the Bank compete not only with financial institutions based in Ohio, but also with a number of large out-of-state banks, bank holding companies and other financial and non-bank institutions. Some of the financial and other institutions operating in the same markets are engaged in national operations and have more assets and personnel than the Company. Some of the Company's competitors are not subject to the extensive bank regulatory structure and restrictive policies which apply to the Company and the Bank.

The principal factors in successfully competing for deposits are convenient office locations and remote service units, flexible hours, competitive interest rates and services, while those relating to loans are competitive interest rates, the range of lending services offered and lending fees. The Company believes that the local character of the Banks' businesses and their community bank management philosophy enabled them to compete successfully in their respective market areas. However, it is anticipated that competition will continue to increase in the years ahead.

REGULATION

The Company is a registered bank holding company under the Bank Holding Company Act of 1956 as amended, and is subject to regulation by the Federal

Reserve Board. A bank holding company is required to file with the Federal Reserve Board annual reports and other information regarding its business operations and those of its subsidiaries. A bank holding company and its subsidiary banks are also subject to examination by the Federal Reserve Board.

The Bank is regulated by the Ohio Division of Financial Institutions as an Ohio state bank. Additionally, the Bank is regulated by the Board of Governors of the Federal Reserve System ("FRS") as a member of the Federal Reserve System. The regulatory agencies have the authority to regularly examine the Bank and the Bank is subject to the regulations promulgated by its supervisory agencies. In addition, the deposits of the Bank are insured by the Federal Deposit Insurance Corporation ("FDIC") and, therefore, the Bank is subject to FDIC regulations.

LENDING ACTIVITIES

The Bank's lending philosophy focuses on developing strong primary banking relationships with businesses and individuals in its market area.

At December 31, 1998, the Company's loan portfolio was comprised of approximately 13.3% commercial loans, 69.0% real estate loans, and 17.7% consumer related installment and credit card loans. The Bank generally does not lend outside its overall market area and historically has not acquired significant participation interests from other financial institutions. The Bank has no foreign loans.

Commercial, installment and real estate loans have accounted for a significant portion of the growth in the Bank's loan portfolio in recent years. Such loans are made to a diverse group of customers.

The Bank has historically been a major residential real estate lender in its market area. Such loans are generally retained by the Bank after origination; however the Bank is an approved seller/servicer for the Federal Home Loan Mortgage Corporation (Freddie Mac). Real estate construction loans totaled 4.7% of total loans at December 31, 1998. All construction loans were performing.

CREDIT QUALITY

The Bank seeks to maintain a high level of asset quality through emphasizing loan originations in its overall market area. The Company focuses its commercial lending efforts on small and medium-sized companies and its real estate lending on both development and owner-occupied and one-to-four family residential properties.

At December 31, 1998, the Bank's percentage of non-performing loans to total loans was 1.00% as compared to 1.64% of total loans at December 31, 1997. The Bank's percentage of net charge-offs for the year ended December 31, 1998 to average loans outstanding was .14%. In accordance with general banking practices, Commercial maintains an allowance for loan losses. This allowance is established based upon a review of historical experience and current trends, "problem" credits and delinquencies and an annual review of all significantly sized loans. At December 31, 1998, the Bank's allowance for loan losses was 1.26% of total loans, as compared with 1.30% at December 31, 1997.

EXECUTIVE OFFICERS OF REGISTRANT

<TABLE>
<CAPTION>

Name	Age	Position and Office Held with ComBanc	Officer Since
<S>	<C>	<C>	<C>
Elmer J. Helmkamp	70	Chairman of the Board	1980
Paul G. Wreede	48	President and Chief Executive Officer	1975
Ronald R. Elwer	45	Executive Vice President	1976
Rebecca L. Minnig	42	Senior Vice President Operations and Corporate Secretary	1979
James W. Vincent	40	Senior Vice President, Loans	1986
Kathleen A. Miller	38	Vice President, Chief Financial Officer, and	1990

Systems Manager
</TABLE>

Elmer J. Helmkamp has been Chairman of the Board of the Company since its formation in 1998 has also been Chairman of the Board of the Bank since 1980.

Paul G. Wreede has been President and Chief Executive Officer of the Company since its formation in 1998 and has also been President and Chief Executive Officer of the Bank since 1990.

Ronald R. Elwer has been Executive Vice President of the Company since its formation in 1998, Executive Vice President of the Bank since 1990 and from 1990 to 1995 was Secretary of the Bank.

Rebecca L. Minnig has been Senior Vice President Operations and Secretary of the Company since its formation in 1998, Senior Vice President Operations of the bank since 1992, and from 1989 to 1992 was Vice President, Cashier and Security Officer of the Bank.

James W. Vincent has been Senior Vice President Loans of the Company since its formation in 1998 and was Senior Vice President Loans of the Bank since 1992.

Kathleen A. Miller has been Vice President, Chief Financial Officer and Systems Manager of the Company since its formation in 1998 and of the Bank since 1997, and was Controller of the bank from 1990 to 1997.

ITEM 2 - PROPERTIES

ComBanc, Inc. owns no property. The Bank's executive offices are located at The Commercial Bank's main office building in Delphos, Ohio, which is owned by the Bank. The Bank operates five branch banking facilities, all of which are owned by the Bank.

ITEM 3 - LEGAL PROCEEDINGS

The Commercial Bank, at any given time, is involved in a number of lawsuits initiated by The Commercial Bank as a plaintiff, intending to collect upon delinquent accounts, to foreclose upon real property, or to seize and sell personal property pledged as security for any such account.

At December 31, 1998, The Commercial Bank was involved in a number of such cases as a party-plaintiff, and occasionally, as a party-defendant due to its joinder as a lien holder, either by mortgage or by judgment lien. In the ordinary case, The Commercial Bank's security and value of its lien is not threatened, except through bankruptcy or loss of value of the collateral should sale result in insufficient proceeds to satisfy the judgment.

There are no material pending legal proceeding to which the Company or the Bank is a party, other than ordinary routine litigation incidental to the business of banking.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not Applicable

PART II

ITEM 5 - MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The following data has been adjusted to reflect the August 31, 1998, acquisition of The Commercial Bank by ComBanc, Inc. wherein each one of the existing 1,188,000 outstanding shares of the Bank's common stock was exchanged for two of ComBanc, Inc.'s common shares, resulting in 2,376,000 outstanding shares.

The common stock of the Company, and of the Bank preceding formation of the Company, trades infrequently and is not traded on any established securities market. Parties interested in buying or selling the Company's stock are generally referred to McDonald and Company, Lima, Ohio. For 1998 and 1997, bid and ask quotations were obtained from McDonald and Company which makes a limited market in the Company's stock. The quotations reflect the prices at which purchases and sales of common shares could be made during each period and not inter-dealer prices.

1997	Low Bid	High Bid	Low Ask	High Ask	Dividend Per Share
First Qtr	18.500	19.625	19.500	20.625	.075
Second Qtr	19.500	21.000	20.500	22.000	.075
Third Qtr	20.250	22.250	21.250	23.250	.075
Fourth Qtr	21.000	22.250	22.000	23.250	.115

1998	Low Bid	High Bid	Low Ask	High Ask	Dividend Per Share
First Qtr	21.500	23.000	22.500	24.000	.085
Second Qtr	22.125	23.313	23.125	24.313	.085
Third Qtr	22.625	23.500	23.625	24.500	.085
Fourth Qtr	23.500	28.000	24.500	29.000	.140

As of December 31, 1998, the Bank's common stock was held by 879 holders of record.

ITEM 6 - SELECTED FINANCIAL DATA

	As of and for the years ended December 31,				
	1998	1997	1996	1995	1994
STATEMENT OF OPERATIONS DATA:	(Amounts in 000's, except per share data)				
Interest Income	$ 14,538	$ 14,359	$ 13,587	$ 12,971	$ 10,831
Interest Expense	6,693	7,021	6,699	6,184	4,671
Net Interest Income	7,845	7,338	6,888	6,787	6,160
Provision for Loan Losses	360	1,778	180	255	120
Net Interest Income after Provision for Loan Losses	7,485	5,560	6,708	6,532	6,040
Other Income	447	385	366	292	266
Operating Expenses	4,618	4,452	4,014	3,782	3,634
Income before Income Taxes	3,314	1,493	3,060	3,042	2,672
Applicable Income Taxes	930	268	832	876	717
Net Income	$ 2,384	$ 1,225	$ 2,228	$ 2,166	$ 1,955
STATEMENT OF CONDITION DATA: (YEAR END)					
Total Assets	$ 194,661	$ 194,583	$ 183,976	$ 175,083	$ 159,001
Investment Securities	41,965	48,523	49,665	53,570	48,061
Loans Receivable	142,410	126,041	124,148	108,528	98,470
Allowance for Loan Losses	1,800	1,639	1,988	1,880	1,877
Deposits	166,021	172,077	162,216	154,722	141,759
Shareholders' Equity	22,566	21,087	20,497	19,163	16,420
PER SHARE DATA:(1)					
Net Income	$ 1.00	$ 0.52	$ 0.94	$ 0.91	$ 0.83
Book Value	9.50	8.88	8.63	8.07	6.91

(1) Adjusted to reflect the August, 1998 ComBanc, Inc. formation resulting in a two for one stock exchange leaving 2,376,000 issued and outstanding shares.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

This discussion should be read in conjunction with the consolidated financial statements, notes and tables included elsewhere in this report. Throughout the following sections, the "Company" refers to ComBanc Inc. only, while the "Bank" refers to The Commercial Bank.

On August 31, 1998 the Bank became a wholly owned subsidiary of the Company, a one bank-holding company. The bank holding company form of organization will increase the corporate and financial flexibility of the business operated by the Bank through the combined business of the Bank and the Company, such as increased structural alternatives in the area of the Company to redeem its own stock, thereby creating an additional market in which the shareholders could sell their stock.

A bank holding company can engage in certain bank-related activities in which the Bank cannot presently engage; thus this reorganization will broaden the scope of services which could be offered to the public.

Through December 31, 1998 the Company's only substantial asset was the investment in the Bank. Accordingly, the remainder of this analysis will concentrate on the Bank.

LINES OF BUSINESS

The Company, through its wholly owned subsidiary, the Bank, operates a single line of business. The Bank is a full service bank chartered under the laws of the State of Ohio and offers a broad range of loan and deposit products to business and individual customers.

NET INTEREST INCOME

Net interest income, the difference between interest earned on interest-earning assets and interest expense incurred on interest-bearing liabilities, is the most significant component of The Commercial Bank's earnings. Net interest income is affected by changes in the volume and rates of interest-earning assets and interest-bearing liabilities and the volume of interest-earning assets funded with low cost deposits, noninterest-bearing deposits and shareholders' equity. The following table summarizes net interest income for each of the two years in the period ended December 31, 1998.

	Years Ended December 31,		Change from Prior Year			
			1998 vs. 1997		1997 vs. 1996	
(Dollar amounts in thousands)	1998	1997	Amount	Percent	Amount	Percent
Interest Income	$ 14,538	$ 14,359	$ 179	1.25%	$ 772	5.68%
Interest Expense	6,693	7,021	(328)	(4.67)%	322	4.81%
Net Interest Income	$ 7,845	$ 7,338	$ 507	6.91%	450	6.53%

NET INTEREST INCOME (continued)

The ratio of net interest income to average interest-earning assets increased to 4.25 percent in 1998 from 4.04 percent in 1997. This slight increase is primarily attributable to the fact that slight increases in investment security yields and slight decreases in deposit yields exceeded the drop in investment yields.

The following table reflects the components of The Commercial Bank's net interest income, setting forth, for each of the two years in the period ended December 31, 1998, (i) average assets, liabilities, and shareholders' equity, (ii) interest income earned on interest-earning assets and interest expense incurred on interest-bearing liabilities, (iii) average yields earned on interest-earning assets and average rates incurred on interest-bearing liabilities, (iv) the net interest margin (i.e., the average yield earned on interest-earning assets less the liabilities) and (v) the net yield on interest-earning assets (i.e., net interest income divided by average interest-earning assets). Rates are computed on a tax-equivalent basis. Non-accrual loans have been included in the average balances.

<TABLE>
<CAPTION>

	Years Ended December 31,					
	1998			1997		
	Average Balance	Interest Income/ Expense	Average Yields/ Rates	Average Balance	Interest Income/ Expense	Average Yields/ Rates
	(Dollars in Thousands)					
ASSETS						
Interest-Earning Assets:						
Investment Securities						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Taxable	$ 37,083	$ 2,207	$ 5.95%	$ 36,429	$ 2,333	6.41%
Tax Exempt	13,154	1,074	8.16%	12,629	1,037	8.22%
Federal Funds Sold	3,901	219	5.61%	5,622	302	5.38%
Interest on Deposits with Banks	16	1	6.25%	10	-	0.00%
Loans	130,158	11,402	8.76%	126,844	11,040	8.70%
Total Interest-Earning Assets	184,312	14,903	8.09%	181,534	14,712	8.10%
Noninterest-Earning Assets:						
Cash and Due from Banks	4,454			4,773		
Premises and Equipment	2,384			2,372		
Other Assets	1,766			2,253		
Allowance for Credit Losses	(1,701)			(1,997)		
Total Noninterest-Earning Assets	6,903			7,401		
Total Assets	$ 191,215			$ 188,935		

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</TABLE>

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	Years Ended December 31,					
	1998			1997		
	Average Balance	Interest Income/ Expense	Average Yields/ Rates	Average Balance	Interest Income/ Expense	Average Yields/ Rates
	(Dollars in Thousands)					
LIABILITIES AND SHAREHOLDER'S EQUITY						
Interest-Bearing Liabilities:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Savings Deposits	$ 31,528	$ 806	2.56%	$ 28,370	$ 724	2.55%
NOW, Super NOW, and Plus	25,050	504	2.01%	22,347	463	2.07%
Time Deposits	96,884	5,370	5.54%	103,056	5,834	5.66%
Total Interest-Bearing Deposits	153,462	6,681	4.35%	153,773	7,021	4.57%
Other Borrowed	576	12	2.08%	-	-	
Fed Funds Purchased	1	-	0.00%	1	-	
Total Interest-Bearing Liabilities	154,039	6,693	4.34%	153,774	7,021	
Noninterest-Bearing Liabilities:						
Demand Deposits	13,974			12,672		
Other Liabilities	1,321			1,350		
Total Noninterest-Bearing Liabilities	15,295			14,022		
Shareholders' Equity	21,881			21,139		
Total Liabilities and Shareholders' Equity	$ 191,215			$ 188,935		
Net Interest Income (Tax Equivalent Basis)	8,210			7,692		
Reversal of Tax Equivalent Adjustment	(365)			(353)		
Net Interest Income	$ 7,845			$ 7,339		
Net Interest Rate Spread (Tax Equivalent Basis)			3.75%			3.53%
Net Interest Margin (Net Interest Income as a Percentage of Interest-Earning Assets, Tax Equivalent Basis)			4.45%			4.24%
Net Interest Margin (Net Interest Income as a Percentage of Interest-Earning Assets)			4.25%			4.04%

</TABLE>

Net interest income may also be analyzed by segregating the volume and rate components of income and expense. The following table presents an analysis of increases and decreases in interest income and expense in terms of changes in volume and interest rates during the two years ended December 31, 1998. Changes not due solely to either a change in volume or a change in rate have been allocated based on the respective percentage changes in average balances and average rates.

<TABLE>
<CAPTION>

	1998 vs. 1997			1997 vs. 1996		
	Increase/ (Decrease) Due to Change in			Increase/ (Decrease) Due to Change in		
	Average Volume	Average Rate	Total Increase/ (Decrease)	Average Volume	Average Rate	Total Increase/ (Decrease)
			(Dollars in Thousands)			
Investment Income:						
Investment Securities:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Taxable	$ 39	$(165)	$(126)	$ (55)	$ 22	$ (33)
Tax Exempt	45	(8)	37	(69)	19	(50)
Federal Funds Sold	(96)	13	(83)	73	11	84
Interest on Deposits with Banks	1	--	1	--	--	--
Interest and Fees on Loans	286	76	362	824	(76)	748
Total Interest Income	275	(84)	191	773	(24)	749
Interest Expense:						
Interest-Bearing Deposits:						
Savings	79	3	82	4	(74)	(70)
NOW, Super NOW, and Plus	54	(13)	41	39	(54)	(15)
Time	(340)	(124)	(464)	443	--	443
Total	(207)	(134)	(341)	486	(128)	358
Short-Term Borrowings	12	--	12	--	--	--
Total Interest Expense ...	(195)	(134)	(329)	486	(128)	358
Change in Net Interest Income	$ 470	50	$ 520	$ 287	$ 104	$ 391

</TABLE>

PROVISION FOR CREDIT LOSSES

The provision for credit losses was $360,000 in 1998. See "Summary of Credit Loss Experience". At December 31, 1998 the Bank's allowance for credit losses represented 1.26% of total loans compared to 1.30% at December 31, 1997.

NON-INTEREST INCOME

Non-interest income is an increasingly important source of revenue to the Bank, as it continues to expand its offerings of bank-related financial services. Non-interest income increased $61,500 or 16.0% in 1998 to $447,000. The primary non-interest income components are set forth below:

There were no securities gains in 1998, versus $13,500 in 1997.

Service charges on deposit accounts increased $59,000 or 22.0% in 1998 to $327,000, resulting from an increase in the number of accounts, primarily from the two Lima offices.

Other income increased $16,000 or 15.5% from the 1997 level to $120,000. This category is comprised of credit card income, credit life and accident and health premiums, service fees on loans sold, and other charges and fees.

NON-INTEREST EXPENSE

Non-interest expense includes costs, other than interest, that are incurred in the operation of the Bank's business. Total non-interest expense increased $167,000 or 3.7% in 1998 to $4,618,000. As a percent of average assets, the level of non-interest expense has increased from 2.35% in 1997 to 2.42% in 1998. The primary non-interest expense components are set forth below:

Employee expense increased $161,000 or 7.1% in 1998 to $2,407,000.

Net occupancy expense decreased $16,000 during 1998 to $251,000.

Equipment expense decreased $11,000 or 4.5% in 1998.

Other expenses increased $34,000 or 2.0% in 1998 to $1,714,000.

INCOME TAXES

The currently payable provision for income taxes increased to $910,000 in 1998 from $194,000 in 1997 due primarily to a decrease in deductible loan losses, arising from the decreased 1998 level of charged off loans. The deferred tax provision decreased to $20,000, from $74,000 in 1997 due primarily to 1998's deductible loan losses less than the book provision for loan loss. The effective income tax rates for 1998 and 1997 were 28.1% and 18.0%, respectively.

Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of the allowance for loan losses and accumulated depreciation. The deferred tax assets and liabilities represent the future tax return consequences of those differences which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. ComBanc, Inc. files consolidated income tax return with its subsidiary.

LIQUIDITY

The liquidity of a banking institution reflects its ability to provide funds to meet loan requests, to accommodate possible outflows in deposits and to take advantage of interest rate market opportunities. Funding of loan requests, providing for liability outflows, and management of interest rate fluctuations require continuous analysis in order to match the maturities of specific categories of short-term loans and investments with specific types of deposits and borrowings. Bank liquidity is thus normally considered in terms of the nature and mix of the banking institution's sources and uses of funds.

For the Bank, the primary sources of liquidity have traditionally been Federal funds sold and government securities. However, with the adoption of Statement of Financial Accounting Standard No. 115, effective January 1, 1994, the Bank's Available for Sale Investment Securities are available for liquidity needs. At December 31, 1998, such securities amounted to $42.0 million, while at December 31, 1997 such securities amounted to $48.5 million. At December 31, 1998 and 1997, Federal funds sold amounted to $2.7 million and $11.3 million, respectively.

Management considers its liquidity to be adequate to meet its normal funding requirements.

ASSET/LIABILITY MANAGEMENT AND MARKET RISK

Closely related to the concept of liquidity is the management of interest-earning assets and interest-bearing liabilities. Management considers interest rate risk to be the Bank's most significant market risk. Interest rate risk is the exposure to adverse changes in the net interest income of the Bank as a result of changes in interest rates. Consistency in the Bank's earnings is largely dependent on the effective management of interest rate risk. The Bank manages its rate sensitivity position to avoid wide swings in net interest margins and to minimize risk due to changes in interest rates.

The difference between a financial institution's interest-sensitive assets (i.e., assets which will mature or reprice within a specific time period) and interest-sensitive liabilities (i.e. liabilities which will mature or reprice within the same time period) is commonly referred to as its "gap" or "interest rate sensitivity gap". An institution having more interest rate sensitive assets than interest rate sensitive liabilities within a given time period is said to have "positive gap"; an institution having more interest rate sensitive liabilities than interest rate sensitive assets within a given time period is said to have a "negative gap."

The following table sets forth the cumulative maturity distributions as of December 31, 1998 of the Bank's interest-earning assets and interest-bearing liabilities, its interest rate sensitivity gap, cumulative interest rate sensitivity gap for such assets and liabilities, and cumulative interest rate sensitivity gap as a percentage of total interest-earning assets. This table indicates the time periods in which certain interest-earning assets and certain interest-bearing liabilities will mature or may reprice in accordance with their contractual terms. However, this table does not necessarily indicate the impact of general interest rate movements on the Bank's net interest yield because the repricing of various categories of assets and liabilities is discretionary and is subject to competition and other pressures. As a result, various assets and liabilities indicated as repricing within the same period may in fact reprice at different times and different rate levels. Subject to these qualifications, the table reflects a negative gap for assets and liabilities maturing or repricing in 1999.

Management's Asset/Liability Management Committee monitors the Bank's interest rate sensitivity position and currently intends to maintain a plus/minus 10% gap under normal circumstances.

<TABLE>
<CAPTION>

	Up to 3 Months	To 6 Months	Up to 1 Year	To 5 Years	After 5 Years	Total
Interest Earning Assets:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Loans	$ 19,783	$ 10,345	$ 5,676	$ 61,823	$ 44,783	$ 142,410
Investment Securities	3,183	3,624	10,412	13,495	11,251	41,965
Federal Funds Sold	2,708	-	-	-	-	2,708
Total	$ 25,674	$ 13,969	$ 16,088	$ 75,318	$ 56,034	$ 187,083
Interest Bearing Liabilities:						
Interest Bearing Deposits	$ 19,108	$ 19,280	$ 38,586	$ 55,212	$ 17,516	$ 149,702
Other Borrowed	1,500	-	-	-	2,000	3,500
Total	$ 20,608	$ 19,280	$ 38,586	$ 55,212	$ 19,516	$ 153,202
Interest Rate Sensitivity Gap	$ 5,066	$ (5,311)	$ (22,498)	$ 20,106	$ 36,518	$ 33,881
Cumulative Interest Rate Sensitivity Gap	5,066	(245)	(22,743)	(2,637)	33,881	
Cumulative Interest Rate Sensitivity Gap as a Percentage of Total Interest Earning Assets	2.70%	(0.13)%	(12.16)%	1.41%	18.11%	

</TABLE>

CAPITAL RESOURCES

The Company is subject to various regulatory capital requirements administered by its primary federal regulator, the Federal Reserve Board (FRB). Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary, actions by regulators, that if undertaken, could have a direct material affect on the Company and the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgements by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of: total risk-based capital and Tier I capital to risk-weighted assets (as defined in the regulations), and Tier I capital to adjusted total assets (as defined). Management believes, as of December 31, 1998 that the Bank meets all the capital adequacy requirements to which it is subject.

CAPITAL RESOURCES (continued)

As of December 31, 1998 the most recent notification from the FRB, the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as disclosed in the notes to the consolidated financial statements. There are no conditions or events since the most recent notification that management believes have changed either entity's capital category. Management's objective is to maintain a capital portion at or above the "well capitalized" classification under federal banking regulations. The Company's total risk-adjusted capital ratio, Tier 1 capital ratio and Tier 1 leverage ratio were, 18.1%, 16.9%, and 11.4%, respectively at December 31, 1998. The Bank's totals were 17.5%, 10.8%, and 7.3%, respectively, at December 31, 1998.

EFFECTS OF INFLATION

The effect of inflation on banks differs from the impact on non-financial institutions. Banks, as financial intermediaries, have assets and liabilities which may move in concert with inflation. This is especially true for banks with a high percentage of rate-sensitive interest-earning assets and interest-bearing liabilities. A bank can reduce the impact by managing its rate sensitivity gap. See "Asset/Liability Management" above.

INVESTMENT PORTFOLIO

The following table sets forth the value of the Bank's investment securities at the respective year end for each of the last two years.

<TABLE>
<CAPTION>

	December 31, 1998			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
Securities Available for Sale -				
U.S. Treasury Securities	$ 8,030,244	$ 61,856	$ -	$ 8,092,100
Agency Securities	9,518,790	56,370	23,910	9,551,250
Mortgaged Backed Securities	10,625,870	65,689	48,479	10,643,080
State and Municipal Securities	12,431,425	557,689	7,906	12,981,208
Other Securities	697,700	-	-	697,700
Total	$ 41,304,029	$ 741,604	$ 80,295	$ 41,965,338

<CAPTION>

	December 31, 1997			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
<S>	<C>	<C>	<C>	<C>
Securities Available for Sale -				
U.S. Treasury Securities	$ 12,018,258	$ 33,039	$ 4,342	$ 12,046,955
Agency Securities	11,526,105	34,756	6,396	11,554,465
Mortgaged Backed Securities	11,291,605	143,411	19,198	11,415,818
State and Municipal Securities	12,419,796	444,985	14,068	12,850,713
Other Securities	655,200	-	-	655,200
Total	$ 47,910,964	$ 656,191	$ 44,004	$ 48,523,151

</TABLE>

INVESTMENT PORTFOLIO (continued)

There are no investment securities of any single issuer where the aggregate carrying value of such securities exceeded 10% of shareholders' equity, except those of U. S. Treasury and U. S. Government agencies.

The following table shows the maturities and weighted average yields of the Bank's investment securities as of December 31, 1998. The weighted average yields on income from tax exempt obligations of state and political subdivisions have been adjusted to a tax equivalent basis.

<TABLE>
<CAPTION>

	Within 1 Year		After 1 Year But Within 5 Years		After 5 Years But Within 10 Years		After 10 Years	
	Amt	Yield	Amt	Yield	Amt	Yield	Amt	Yield
	(Dollars in Thousands)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U. S. Treasury	$ 6,016	5.69%	$ 2,014	5.99%	$ --	0.0%	$ --	0.0%
U. S. Government Agencies	2,513	5.94%	5,006	5.98%	2,000	6.56%	--	0.0%
Mortgage-Backed Securities	222	3.81%	1,277	6.75%	7,718	6.18%	1,408	5.73%
Obligations of States and Political Subdivisions	1,331	8.18%	4,666	8.09%	4,721	7.45%	1,714	7.07%
Other	--		--		--		698	7.14%
Total	$10,082		$ 12,963		$14,439		$ 3,820	

</TABLE>

(1) Includes $83 of Federal Reserve and $615 of Federal Home Loan Bank Stock that has no maturity.

LOAN PORTFOLIO

The amount of loans outstanding and the percent of the total represented by each type on the dates indicated were as follows:

<TABLE>
<CAPTION>

	1998		1997	
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Real Estate Loans:				
Construction	$ 6,727	4.7%	$ 6,334	5.0%
Mortgage	91,442	64.3%	71,474	56.8%
Commercial, Financial and Agricultural Loans	17,937	12.6%	19,008	15.1%
Installment and Credit Card Loans	25,192	17.7%	26,392	20.9%
Other Loans	51	0.0%	32	0.0%
Municipal Loans	1,061	0.7%	2,801	2.2%
Total	142,410	100.0%	126,041	100.0%
Less:				
Allowance for Credit Losses	1,800		1,639	
Total Net Loans	$ 140,610		$ 124,402	

</TABLE>

The following table shows the maturity and repricing schedule of loans outstanding as of December 31, 1998. Also, the amounts are classified according to their sensitivity to changes in interest rates:

	Within 1 Year	Within 5 Years	After 5 Years	Total
		(In Thousands)		
Fixed Rate	$ 22,315	$ 58,103	$ 44,783	$ 125,201
Variable Rate	13,489	3,720	-	17,209

The following table presents the aggregate amounts of non-performing loans on the dates indicated:

	December 31, 1998	December 31, 1997
	(In Thousands)	
Non-Accrual	$ 805	$ 982
Contractually Past Due 90 Days or More as to Principal or Interest	621	1,086
	$ 1,426	$ 2,068
Non-Performing Loans to Total Loans	1.00%	1.64%

Non-accrual loans are comprised principally of loans 90 days past due, as well as certain loans which are current but where serious doubt exist as to the ability of the borrower to comply with the repayment terms. Interest previously accrued on non-accrual loans and not yet paid is reversed and charged against the accrued interest receivable during the period in which the loan is placed in a non-accrual status, except where the Bank has determined that such loans are adequately secured as to a principal and interest. Interest earned thereafter is only included in income to the extent that it is received in cash. The amount of interest income collected and the amount of interest income that would have been recorded during 1998 on loans based on non-accrual loans based on their original terms was determined to be insignificant.

The Bank purchased certain lease receivables and extended loans with an aggregate outstanding balance at December 31, 1998 and 1997 of $535,000 and $899,000 to The Bennett Funding Group, Inc. which remain subject to the Bennett bankruptcy proceedings commenced in March, 1996. During 1997, a total of $1,959,000 of Bennett loans were charged down. The bankruptcy judge has ruled that the Bank is a secured creditor but this decision has been appealed by the bankruptcy trustee. Due to the complexity of the remaining legal issues, management and the Bank's legal counsel are currently unable to form an opinion as to the likely outcome of the Bank's position with respect to the remaining Bennett portfolio.

As of December 31, 1998, in the opinion of management, the Bank did not have any concentration of loans to similarly situated borrowers exceeding 10% of total loans. There were no foreseeable losses relating to other interest-earning assets, except as discussed above.

SUMMARY OF CREDIT LOSS EXPERIENCE

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	1997
	(Dollars in Thousands)	
Balance of Allowance at Beginning of Year	$ 1,639	$ 1,988
Loans Actually Charged Off -		
Real Estate	15	4
Commercial, Financial and Agricultural	26	2,011
Installment and Credit Card	182	142
	223	2,157
Recoveries of Loans Previously Charged Off -		
Real Estate	3	11
Commercial, Financial and Agricultural	21	8
Installment and Credit Card	24	11
	48	30
Net Charge-Offs (Recoveries)	199	2,127
Addition to Allowance Charged to Expense	360	1,778
Balance of Allowance at Year-End	$ 1,800	$ 1,639
Ratio of Net Charge-Offs to Average Loans Outstanding	0.15%	1.69%
Ratio of Allowance for Credit Losses to Total Loans	1.26%	1.30%

</TABLE>

The provision for credit losses reflects management's determination regarding the adequacy of the allowance, based upon its analysis of the loan portfolio (including the increased size and change in the mix of the loan portfolio) and general economic conditions. As noted in "Loan Portfolio", during 1997, loans to The Bennett Funding Group and related entities amounting to $1,959,000 were charged off. In reviewing the adequacy of the year end allowance, management determined a needed 1998 and 1997 provision in the amount of $360,000 and $1,778,000, respectively.

The Bank evaluates the adequacy of allowance for credit losses on a quarterly basis. The adequacy of the allowance is determined by evaluating potential losses in the loan portfolio. Evaluation of these potential losses includes a review of the current financial status and credit standing of borrowers and their prior history, an evaluation of available collateral, a review of loss experience in relation to outstanding loans, and management's judgment as to prevailing and anticipated economic conditions, among other relevant factors.

Mortgage loans, including construction loans, approximate 69.0% of total loans at December 31, 1998. Collateral evaluations and the historical data of the Bank's mortgage loan losses are used to determine the amount necessary for the allowance for credit losses.

A significant portion (17.7%) of the Bank's loan portfolio is installment and credit card loans. A thorough credit examination is done at the time of the extension of credit. The historical data of the Bank's consumer loan losses plus the Bank's ongoing credit evaluations on existing loans are used to determine the necessary amount for the Bank's allowance for credit losses.

The remaining portion (13.3%) of the loan portfolio is composed of commercial loans. Personal and business financial status, credit standing, and available collateral of commercial borrowers are evaluated with great care.

These evaluations plus management's judgment as to prevailing and anticipated economic conditions and the historical data of the Bank's commercial loan losses are taken into consideration when determining the amount of the allowance for credit losses needed for commercial loans.

DEPOSITS

The following table sets forth the average balances of and average rates paid on deposits for the periods indicated:

	Year Ended December 31,			
	1998		1997	
	Average Balance	Average Rate	Average Balance	Average Rate
	(Dollars in Thousands)			
Non-Interest-Bearing	$ 13,974	0.00%	$ 12,672	0.00%
Savings	31,528	2.56%	28,370	2.55%
NOW, Super NOW and Plus	25,050	2.01%	22,347	2.07%
Time	96,884	5.54%	103,056	5.66%
Total	$ 167,436		$ 166,445	

The maturity distribution of time deposits as of December 31, 1998 was:

	Less than $100,000	$100,000 and Over
	(In Thousands)	
Three Months or Less	$ 14,172	$ 1,880
Over Three Months to Twelve Months	41,705	12,764
Over One Year to Five Years	18,244	4,943
Over Five Years	-	-
Total	$ 74,121	$ 19,587

YEAR 2000

There are computer programs that process transactions based on using two digits for the year rather than four digits. Systems that process Year 2000 transactions with the year "00" may encounter processing inaccuracies or inoperability.

Management has initiated a company-wide program to address the effect of the year 2000 on the Bank's information systems and application software. The Company's Year 2000 project contains assessment, renovation, validation and implementation phases. A substantial majority of the significant application software utilized by the Company is via the use of third party data processors and management is working with and actively monitoring the progress of outside vendors to ensure that the software will operate properly in the year 2000. The following discussion of the implications of the Year 2000 issue for the Company contain numerous forward-looking statements based on inherently uncertain information. The cost of the project and the date on which the Company plans to complete the internal Year 2000 modifications are based on management's best estimates, which management derived utilizing a number of assumptions of future events including the continued availability of internal and external resources, including employees, third party modifications and other factors. However, there can be no guarantee that these estimates will be achieved and actual results could differ. At this time, the estimated cost to remediate the Bank's year 2000 issues is not expected to be material.

The Company completed an assessment and efforts are underway to validate compliance. In 1998, the Company alerted its business customers of the Year 2000 problem and is now assessing the readiness preparations of its major customers and suppliers. Resolution of the Year 2000 problem is among the Company's highest priorities, and the Company established a comprehensive program to address its many aspects.

The Company has tested critical systems for readiness as part of this process. In addition, the Company will evaluate customers and vendors who have significant relationships with the Company to determine whether they are preparing and will be ready for the Year 2000. The Company considered the potential failure of those customers to be adequately prepared as part of the credit and review process. However, there can be no guarantee that the remediation of the Company's vendors or customers will be completed on a timely basis.

The Company upgraded personal computer hardware and software during 1998 to meet its strategic plan of enhancing its products and services from a competitive viewpoint. This upgrade was not related to Year 2000 issues. The newly installed computers are Year 2000 compliant. The cost of these systems did not exceed $150,000.00 and was capitalized.

The Company is reliant on suppliers and customers, and is addressing Year 2000 issues with both groups. As of December 31, 1998 the Company has identified critical vendors and has completed formalized risk assessments of their Year 2000 readiness plans and status. The Company will continue to monitor and replace vendors or make alternative arrangements when sources are limited or unavailable.

The Company is also reliant on its customers to make the necessary preparations for Year 2000 so that their business operations will not be interrupted, as an interruption could threaten their ability to honor financial commitments. The Company has identified borrowers, funding sources, and large depositors as having financial volumes sufficiently large enough to warrant inquiry as to Year 2000 preparation. The Company has substantially completed a formal assessment of risk based on these initial reports as of December 31, 1998. Customers found to have a significant risk of not being ready for Year 2000 are encouraged to make the necessary effort. The Company is undertaking measures to minimize risk with those that appear to pose a significant risk. Follow up of customers will continue through 1999.

The Company's Year 2000 program includes the active involvement of senior executives as well as seasoned project managers from throughout the company. Senior executives and the Board of Directors review the overall status of the program monthly. The federal and state agencies that regulate the banking industry also monitor the program. The Company's outside audit firm also reviewed the Company's project status.

Risks to the Company from the Year 2000 can be grouped into three categories. The first is the risk that the Company does not successfully ready its operations for the Year 2000. The Company, like other financial institutions, is heavily dependent on its computer systems. Year 2000 compliant systems have already been implemented and management believes it will be able to make any other minor necessary corrections in a timely manner.

Computer failure of third parties may also impact the Company's operations. The most serious impact on the Company's operations from suppliers would result if basic services such as telecommunications, electric power suppliers, and services provided by other financial institutions and governmental agencies were disrupted.

Operational failures among the Company's sources of major funding and larger borrowers could affect their ability to continue to provide funding or meet obligations when due. It is not possible to accurately estimate the likelihood, or potential impact of significant disruptions among the Company's funding sources and obligors at this time.

The Company is developing remediation contingency plans and business resumption contingency plans specific to the Year 2000. Remediation contingency plans address the actions to be taken if the current approach to remediating a system is falling behind schedule or otherwise appears in jeopardy of failing to deliver a Year 2000 ready system when needed. Business resumption contingency plans address the actions that would be taken if critical business functions can not be carried out in the normal manner due to system or supplier failure.

The Company is enhancing its existing business resumption plans to reflect Year 2000 issues and is developing plans designed to coordinate the efforts of its personnel and resources in addressing any Year 2000 problems that become known after December 31, 1999.

Contingency planning is a key component to effective Year 2000 risk management. It involves efforts by financial institutions and service providers and software vendors to mitigate operational risks should core business processes fail, regardless of whether mission-critical systems were remediated for the Year 2000. The Bank is currently in the process of forming a company-wide contingency plan and will be validating the plan prior to June 30, 1999.

FORWARD-LOOKING STATEMENTS

The Company has made, and may continue to make, various forward-looking statements with respect to Year 2000 risks, interest rate sensitivity analysis, credit quality and other financial and business matters for 1999 and, in certain instances, subsequent periods. The Company cautions that these forward-looking statements are subject to numerous assumptions, risks and uncertainties, and that statements for periods subsequent to 1999 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from forward-looking statements. In addition to those factors previously disclosed by the Company and those factors identified elsewhere herein, the following factors could cause actual results to differ materially from such forward-looking statements: Continued pricing pressures on loan and deposit products, actions of competitors, changes in economic conditions, the extent and timing of actions of the Federal Reserve, customer's acceptance of the Company's products and services, the extent and timing of legislative and regulatory actions and reforms, and changes in the interest rate environment that reduce interest margins. The Company's forward-looking statements speak only as of the date on which such statements are made. By making any forward-looking statements, the Company assumes no duty to update them to reflect new, changing or unanticipated events or circumstances.

CONSOLIDATED QUARTERLY FINANCIAL DATA
(dollars in millions, except per share data)

<TABLE>
<CAPTION>

	1997			
	FOURTH	THIRD	SECOND	FIRST
CONDENSED INCOME STATEMENT				
Total Interest Income	$ 14,359	$ 10,638	$ 6,975	$ 3,427
Total Interest Expense	7,021	5,200	3,399	1,665
Net Interest Income	7,338	5,438	3,576	1,762
Provision for Credit Losses	1,778	270	180	90
Noninterest Income	385	273	169	86
Noninterest Expense	4,452	3,295	2,159	1,103
Income Before Income Tax	1,493	2,159	1,406	655
Income Tax Provision	268	578	370	166
Net Income	$ 1,225	$ 1,581	$ 1,036	$ 489
KEY AVERAGE BALANCES				
Total Securities	$ 48,875	$ 50,795	$ 50,314	$ 48,786
Total Loans and Leases	129,748	128,933	125,072	123,624
Total Assets	195,176	191,821	189,466	184,924
Total Deposits	157,022	154,695	153,379	149,998
Total Borrowed Funds	-	-	-	-
KEY OPERATING RATIOS				
Return on Average Assets	0.65%	1.09%	1.09%	1.06%
Return on Equity	5.81%	9.72%	9.77%	9.50%
Tier I Capital Ratio	17.00%	17.28%	17.30%	17.40%
Total Risk Adjusted Capital Ratio	18.30%	18.54%	18.60%	18.70%

COMMON STOCK (1)				
Per Common Share Data				
Net Income - Basic	$ 0.52	$ 0.67	$ 0.44	$ 0.21
Net Income - Diluted	0.52	0.67	0.44	0.21
Market Price	21.75	21.00	20.25	19.63

</TABLE>

(1) The 1997 and first two quarters of 1998 data has been adjusted to reflect the August 31, 1998 acquisition of The Commercial Bank by ComBanc, Inc. wherein each one of the existing 1,188,000 outstanding shares of the Bank's common stock was exchanged for two of ComBanc, Inc.'s common shares, resulting in 2,376,000 outstanding shares.

CONSOLIDATED QUARTERLY FINANCIAL DATA
(dollars in millions, except per share data)

<TABLE>
<CAPTION>

	1998			
	Fourth	Third	Second	First
<S>	<C>	<C>	<C>	<C>
CONDENSED INCOME STATEMENT				
Total Interest Income	$ 14,538	$ 10,800	$ 7,135	$ 3,567
Total Interest Expense	6,693	5,063	3,364	1,688
Net Interest Income	7,845	5,737	3,771	1,879
Provision for Credit Losses	360	270	180	90
Noninterest Income	447	334	206	91
Noninterest Expense	4,618	3,465	2,226	1,159
Income Before Income Tax	3,314	2,336	1,571	721
Income Tax Provision	930	638	431	195
Net Income	$ 2,384	$ 1,698	$ 1,140	$ 526
KEY AVERAGE BALANCES				
Total Securities	$ 46,579	$ 48,524	$ 50,748	$ 52,615
Total Loans and Leases	137,905	130,336	127,447	124,814
Total Assets	193,395	191,272	188,861	188,713
Total Deposits	150,318	152,075	151,888	153,910
Total Borrowed Funds	2,288	-	-	-
KEY OPERATING RATIOS				
Return on Average Assets	1.25%	1.18%	1.21%	1.12%
Return on Equity	10.56%	10.15%	10.47%	9.82%
Tier I Capital Ratio	16.89%	17.79%	17.69%	17.76%
Total Risk Adjusted Capital Ratio	18.14%	19.04%	18.94%	19.01%
COMMON STOCK				
Per Common Share Data				
Net Income - Basic	$ 1.00	$ 0.72	$ 0.48	$ 0.22
Net Income - Diluted	1.00	0.72	0.48	0.22
Market Price	24.50	23.50	23.00	21.75

</TABLE>

ITEM 8 - CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's financial statements are listed below and are included herein on pages 26 through 42.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<CAPTION>

<S> <C>

</TABLE>

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[E.S. EVANS AND COMPANY LETTERHEAD]

January 29, 1999

INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors
ComBanc, Inc.
Delphos, Ohio

We have audited the accompanying consolidated balance sheets of ComBanc, Inc. and Subsidiary as of December 31, 1998 and 1997, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for the years ended December 31, 1998, 1997, and 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ComBanc, Inc. and Subsidiary at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for 1998, 1997, and 1996 in conformity with generally accepted accounting principles.

E.S. EVANS and Company

COMBANC, INC.
DELPHOS, OHIO

<TABLE>
<CAPTION>

CONSOLIDATED BALANCE SHEETS

ASSETS	DECEMBER 31, 1998	DECEMBER 31, 1997
<S>	<C>	<C>
Cash and Due from Banks	$ 5,253,442	$ 5,926,252
Federal Funds Sold	2,708,000	11,325,000
Investment Securities - Note 2		
Available for Sale	41,965,338	48,523,151
Loans:		
Real Estate	81,607,310	64,301,778
Loans for Resale	-	471,193
Home Equity	158,849	297,971
Collateral	26,543,897	26,286,641
Other	3,126,512	3,429,546
Installment	30,973,399	31,253,456
Total Loans	142,409,967	126,040,585
Less:		
Allowance for Loan Losses - Note 3	1,800,070	1,638,528
Net Loans	140,609,897	124,402,057
Accrued Interest Receivable	1,306,411	1,516,250
Premises and Equipment - Note 4	2,445,991	2,350,181
Other Assets	371,648	540,184
Total Assets	$ 194,660,727	$ 194,583,075
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Savings	$ 28,876,973	$ 29,677,940
NonInterest Bearing Demand Deposits	16,319,483	15,334,995
Time Deposits - Note 5	74,121,228	85,286,555
Time Deposits of $100,000 or More - Note 5	19,587,243	19,051,742
Interest Bearing Demand Deposits	27,116,085	22,726,042
Total Deposits	166,021,012	172,077,274
Other Borrowed Money - Note 13	3,500,000	-
Accrued Expenses and Other Liabilities	2,573,649	1,418,393
Total Liabilities	172,094,661	173,495,667
Shareholders' Equity:		
Common Stock - No Par Value - Note 1		
5,000,000 Shares Authorized, 2,376,000 Shares		
Issued and Outstanding - Note 1	1,237,500	1,237,500
Capital Surplus	1,512,500	1,512,500
Retained Earnings	19,379,602	17,933,365
Accumulated Other Comprehensive Income	436,464	404,043
Total Shareholders' Equity	22,566,066	21,087,408
Total Liabilities and Shareholders' Equity	$ 194,660,727	$ 194,583,075

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

COMBANC, INC.
DELPHOS, OHIO

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF INCOME

	FOR THE YEARS ENDED DECEMBER 31, 1998	1997	1996
<S>	<C>	<C>	<C>
Interest Income:			
Interest and Fees on Loans	$ 11,402,788	$ 11,040,068	$ 10,282,344
Interest and Dividends on Investment Securities			

Taxable	2,207,101	2,332,995	2,367,582
Tax-Exempt	709,251	684,094	718,144
Interest on Federal Funds Sold	218,590	301,606	218,589
Interest on Deposits with Banks	595	493	78
Total Interest Income	14,538,325	14,359,256	13,586,737
Interest Expense:			
Interest on Deposits	6,680,918	7,021,312	6,662,970
Interest on Federal Funds Purchased	37	43	1,912
Other Borrowed Funds	12,182	-	33,597
Total Interest Expense	6,693,137	7,021,355	6,698,479
Net Interest Income	7,845,188	7,337,901	6,888,258
Provision for Possible Loan Losses - Note 3	360,000	1,778,447	180,000
Net Interest Income after Provision for Loan Loss	7,485,188	5,559,454	6,708,258
NonInterest Income:			
Service Charges on Deposit Accounts	327,081	268,092	210,337
Securities Gains/(Losses)	-	13,467	43,549
Other Operating Income	119,975	103,853	111,980
	447,056	385,412	365,866
NonInterest Expenses:			
Salaries and Wages	1,730,982	1,633,867	1,471,930
Employee Benefits	676,284	612,776	582,289
Occupancy Expense	251,234	267,657	259,878
Furniture and Equipment	245,595	257,066	213,013
Other Expense	1,714,237	1,680,118	1,486,686
	4,618,332	4,451,484	4,013,796
Income - Before Federal Income Taxes	3,313,912	1,493,382	3,060,328
Federal Income Tax Expense - Note 6	930,111	268,057	831,950
Net Income	$ 2,383,801	$ 1,225,325	$ 2,228,378
Net Income per Share of Common Stock-Note 1	$ 1.00	$ 0.52	$ 0.94
Average Shares Outstanding-Note 1	2,376,000	2,376,000	2,376,000

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

COMBANC, INC.
DEPHOS, OHIO

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<S>	COMMON STOCK <C>	CAPITAL SURPLUS <C>	RETAINED EARNINGS <C>	ACCUMULATED OTHER COMPREHENSIVE INCOME <C>	TOTAL SHARE-HOLDERS' EQUITY <C>
Balances, 1-1-96	$ 1,237,500	$ 1,512,500	$ 16,000,302	$ 412,393	$ 19,162,695
Comprehensive Income					
Net Income	-	-	2,228,378	-	2,228,378
Change in Unrealized Gain(Loss) on Securities Available for Sale, Net of Taxes of $93,217-Note 2	-	-	-	(180,950)	(180,950)

Total Comprehensive Income					2,047,428
Cash Dividends	-	-	(712,800)	-	(712,800)
Balances, 12-31-96	1,237,500	1,512,500	17,515,880	231,443	20,497,323
Comprehensive Income					
Net Income	-	-	1,225,325	-	1,225,325
Change in Unrealized Gain(Loss) on Securities Available for Sale, Net of Taxes of $88,916-Note 2	-	-	-	172,600	172,600
Total Comprehensive Income					1,397,925
Cash Dividends	-	-	(807,840)	-	(807,840)
Balances, 12-31-97	1,237,500	1,512,500	17,933,365	404,043	21,087,408
Comprehensive Income					
Net Income	-	-	2,383,801	-	2,383,801
Change in Unrealized Gain(Loss) on Securities Available for Sale, Net of Taxes of $16,701-Note 2	-	-	-	32,421	32,421
Total Comprehensive Income					2,416,222
Cash Dividends	-	-	(937,564)	-	(937,564)
Balances, 12-31-98	1,237,500	1,512,500	19,379,602	436,464	22,566,066

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

COMBANC, INC.
DELPHOS, OHIO

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF CASH FLOWS

<S>	FOR THE YEARS ENDED DECEMBER 31, 1998 <C>	1997 <C>	1996 <C>
Cash Flows from Operating Activities:			
Net Income	$ 2,383,801	$ 1,225,325	$ 2,228,378
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:			
Depreciation	308,159	276,013	266,642
Provision for Loan Loss	360,000	1,778,447	180,000
(Increase)/Decrease in Other Assets	378,375	(72,261)	(119,169)
Increase in Other Liabilities	1,155,256	155,140	64,182
Net Realized (Gains)/Losses on Securities Available for Sale	-	(13,467)	(43,549)
Net Cash Provided by Operating Activities	4,585,591	3,349,197	2,576,484
Cash Flows from Investing Activities:			
Purchases of Securities Available for Sale		(10,095,596)	(14,739,458)
Proceeds from Sales of Securities Available for Sale	6,590,234	2,006,562	6,479,031
Proceeds from Maturities of Securities Available for Sale		9,416,955	12,027,945
Proceeds from Maturities of Securities to be Held to Maturity		-	-
Net (Increase) in Customer Loans	(16,369,382)	(1,892,606)	(15,620,023)

Net Loans Charged Off	(198,458)	(2,127,431)	(72,713)
Capital Expenditures	(403,969)	(196,712)	(658,821)
Net Cash Used in Investing Activities	(10,381,575)	(2,888,828)	(12,584,039)
Cash Flows from Financing Activities:			
Net Increase (Decrease) in Deposit Accounts	(6,056,262)	9,861,310	7,494,373
Advances from Federal Home Loan Bank	4,500,000	-	-
Payments on Advances from Federal Home Loan Bank	(1,000,000)	-	-
Dividends Paid	(937,564)	(807,840)	(712,800)
Net Cash Provided by Financing Activities	(3,493,826)	9,053,470	6,781,573
Net Change in Cash and Cash Equivalents	(9,289,810)	9,513,839	(3,225,982)
Cash and Cash Equivalents - Beginning of Year	17,251,252	7,737,413	10,963,395
End of Year	$ 7,961,442	$ 17,251,252	$ 7,737,413
Cash Paid During the Year For:			
Interest	$ 6,973,148	$ 6,895,403	$ 6,657,246
Income Taxes	818,500	362,453	828,761

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

On April 13, 1998, shareholders of The Commercial Bank (the "Bank") approved a Merger Agreement ("Agreement") pursuant to which ComBanc, Inc. (the "Company") acquired all of the outstanding stock of the Bank as a result of the exchange which became effective on August 31, 1998, the Bank survived as a wholly-owned subsidiary of the Company and continues its operations as The Commercial Bank. Under the terms of the Agreement, each one of the existing outstanding shares of the Bank's common stock was exchanged for two of the company's common shares so that each existing shareholder of the Bank became a shareholder of the Company, owning the same percentage of shares in the company as the Bank.

Since substantially the only asset of the Company is the investment in the Bank, these financial statements reflect the consolidated activity for 1998 compared with the Bank only for 1997 and 1996. A reader of these financial statements should refer to The Commercial Bank 1997 Form 10K.

Nature of Operations

The Commercial Bank operates under a State Bank Charter and provides full banking services. As a State Bank, the Bank is subject to regulation of The State of Ohio, The Federal Reserve and The Federal Deposit Insurance Corporation. The area served by The Commercial Bank is West Central Ohio and services are provided through offices in Delphos, Gomer, Elida and Lima, Ohio.

Investment Securities

The Bank's investment securities are generally classified in two categories: Held to Maturity and Available for Sale. Securities held to maturity are those for which the Bank has the positive intent and ability to hold to maturity. These securities are stated at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income. Securities available for sale are those securities not classified as trading securities nor as securities to be held to maturity. Unrealized holding gains and losses, net of tax, on securities available for sale are reported as a net amount in a separate component of shareholders' equity until realized. Gains or losses on dispositions are based on the net proceeds and the adjusted carrying amount of the securities sold, using the specific identification method.

Loans and Allowance for Loan Losses

Loans are stated at the amount of unpaid principal, reduced by an allowance for possible loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. The allowance for loan losses is established through a provision for loan losses charged to expenses. Loans are charged against the allowance for loan losses when management believes that the collectibility of principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectibility of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans and current economic conditions that may affect the borrower's ability to pay.

Note 1 - Summary of Significant Accounting Policies (continued)

Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that collection of interest is doubtful.

Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual loan terms. Impaired loans are carried at the present value of expected future cash flows discounted at the loan's effective interest rate or at the fair value of the collateral if the loan is collateral dependent. A portion of the allowance for loan losses is allocated to impaired loans. If these allocations cause the allowance for loan losses to require increase, such increase is reported as a component of the provision for loan losses.

Bank Premises and Equipment

Building and equipment are stated at cost, less accumulated depreciation, computed on the straight line and declining balance methods over the estimated useful lives. Expenditures, for betterments and renewals, which extend useful lives, are capitalized. Gains and losses on retirements and disposals are included in net income.

Income Taxes

Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of the allowance for loan losses and accumulated depreciation. The deferred tax assets and liabilities represent the future tax return consequences of those differences which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. ComBanc, Inc. files consolidated income tax return with its subsidiary.

Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, interest bearing deposits in banks and Federal Funds Sold, generally for only one day periods. All accounts have original maturities of three months or less.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Summary of Significant Accounting Policies (continued)

Net Income Per Share

Net income per share of common stock has been computed on the basis of weighted-average number of shares of common stock outstanding. The 1997 and 1996 amounts have been restated to reflect the 2,376,000 shares outstanding as a result of the formation of ComBanc, Inc.

Note 2 - Investment Securities

Carrying amounts and approximate market value of investment securities are summarized as follows:

<TABLE>
<CAPTION>

	December 31, 1998			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities Available for Sale -				
U.S. Treasury Securities	$ 8,030,244	$ 61,856	$ -	$ 8,092,100
Agency Securities	9,518,790	56,370	23,910	9,551,250
Mortgaged Backed Securities	10,625,870	65,689	48,479	10,643,080
State and Municipal Securities	12,431,425	557,689	7,906	12,981,208
Other Securities	697,700	-	-	697,700
Total	$ 41,304,029	$ 741,604	$ 80,295	$ 41,965,338

</TABLE>

<TABLE>
<CAPTION>

	December 31, 1997			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities Available for Sale -				
U.S. Treasury Securities	$ 12,018,258	$ 33,039	$ 4,342	$ 12,046,955
Agency Securities	11,526,105	34,756	6,396	11,554,465
Mortgaged Backed Securities	11,291,605	143,411	19,198	11,415,818
State and Municipal Securities	12,419,796	444,985	14,068	12,850,713
Other Securities	655,200	-	-	655,200
Total	$ 47,910,964	$ 656,191	$ 44,004	$ 48,523,151

</TABLE>

Government and agency securities have been pledged to secure public funds on deposit in the amounts of $22,519,391 and $20,604,580 for 1998 and 1997, respectively. Included in the other securities category is Federal Home Loan Bank stock in the amount of $614,600 for 1998 and $572,100 for 1997 and Federal Reserve Bank stock of $82,500 for both years. Although classified as available for sale, the ownership of these stocks is restricted and lacks a market. Accordingly, both amortized cost and fair value are considered to be purchase cost.

Note 2 - Investment Securities - (continued)

The scheduled maturities of securities at December 31, 1998 were as follows:

	Securities Available for Sale	
	Amortized Cost	Fair Value
Due in one year or less	$ 10,082,598	$ 10,151,506
Due from 1 - 5 years	12,963,062	13,276,106
Due from 6 - 10 years	14,439,402	14,696,921
Due > 10 years	3,818,967	3,840,805
Total	$ 41,304,029	$ 41,965,338

Note 3 - Allowance for Loan Losses

Changes in the allowance for loan losses were as follows:

	Years Ended December 31,		
	1998	1997	1996
Balance, Beginning of Year	$ 1,638,528	$ 1,987,512	$ 1,880,225
Provision Charged to Operations	360,000	1,778,447	180,000
Loans Charged Off	(222,232)	(2,157,209)	(101,466)
Recoveries	23,774	29,778	28,753
Balance, End of Year	$ 1,800,070	$ 1,638,528	$ 1,987,512

Impairment of loans having recorded investments of $894,347, $1,243,961, and $2,858,830 at December 31, 1998, 1997, and 1996 has been recognized in conformity with SFAS No. 114, as amended by SFAS No. 118. No specific allocation of the allowance for loan losses has been made for these loans. Interest income on impaired loans of $17,948, $16,277 and $-0- was recognized for cash payments received in 1998, 1997, and 1996, respectively. The Bank has no commitments to loan additional funds to borrowers whose loans have been modified.

Loans on which the accrual of interest at December 31, 1998 and 1997 has been discontinued amounted to $805,155 and $981,730. Interest income on these loans is recorded only when received.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

Note 4 - Bank Premises and Equipment

Major classifications of these assets are summarized as follows:

	1998	1997
Land and Improvements	$ 409,551	$ 290,010
Buildings	2,674,085	2,674,384
Equipment	1,853,389	1,569,076
Total Cost	4,937,025	4,533,470
Accumulated Depreciation	(2,491,033)	(2,183,289)
Net Premises and Equipment	$ 2,445,992	$ 2,350,181

Note 5 - Deposits

Time deposits maturing in years ending December 31, as of December 31, 1998:

1999	$ 70,521,227
2000	17,769,374
2001	1,636,717
2002	1,126,693
2003 and thereafter	2,654,460
Total	$ 93,708,471

Note 6 - Income Taxes

Income taxes in the statement of income are as follows:

	1998	1997	1996
Federal Income Tax -			
Currently Payable	$ 910,203	$ 193,639	$ 868,428
Deferred	19,908	74,418	(36,478)
Net	$ 930,111	$ 268,057	$ 831,950

Accumulated deferred income taxes of $262,096 and $282,004 for 1998 and 1997, respectively represent the tax effect of the cumulative excess of provision for loan losses over the deduction for federal income tax purposes, and the tax effect of the net change in unrealized appreciation on securities available for sale. The principal reasons for the difference in the effective tax rate and the federal statutory rate are as follows:

Note 6 - Income Taxes (continued)

	1998	1997	1996
Statutory Federal Income Tax Rate	34.0%	34.0%	34.0%
Effect on Rate of -			
Tax Exempt Securities Income	(7.9)	(18.4)	(7.9)
Non-deductible Interest Expense	2.0	2.4	1.1
Effective Tax Rate	28.1%	18.0%	27.2%

Note 7- Pension Plan

The Bank has a non-contributory money purchase profit sharing plan covering substantially all employees who have met certain eligibility requirements. The amount of the contribution is determined annually by the Board of Directors. The amount charged to operations was $252,658 in 1998, $216,845 in 1997, and $204,496 in 1996.

Note 8 - Related Party Transactions

The Bank has entered into transactions with its directors and executive officers (Related Parties). Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers, and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans to such related parties at December 31, 1998 and 1997 was $1,505,611 and $1,332,160.

Note 9 - Financial Instruments with Off-Balance-Sheet Risk

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments consist primarily of commitments to extend credit. These instruments involve, to varying degrees, elements of credit risk in excess of the amount recognized in the balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Bank has in particular classes of financial instruments.

At December 31, 1998, the Bank had commitments to customers for $630,000 of standby letters of credit and $12,040,975 of loan commitments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

Note 9 - Financial Instruments with Off-Balance-Sheet Risk (continued)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to be drawn upon, the total commitment amounts generally represent future cash requirements. The Bank evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty.

Note 10 - Concentration of Credit

Substantially all of the Bank's loans, commitments, and commercial and standby letters of credit have been granted to customers in the Bank's market area. Investments in state and municipal securities also involve governmental entities within the Bank's market area. The distribution of commitments to extend credit approximates the distribution of loans outstanding. Commercial and standby letters of credit were granted primarily to commercial borrowers.

Note 11 - Commitments and Contingent Liabilities

The Bank is party to litigation and claims arising in the normal course of business. Management, after consultation with legal counsel, believes that the liabilities, if any, arising from such litigation and claims will not be material to the Bank's financial position.

Note 12 - Fair Value of Financial Instruments

In December 1991, the Financial Accounting Standards Board issued SFAS No. 107 "Disclosures about Fair Value of Financial Instruments' which requires disclosure of fair value information about both on and off-balance-sheet financial instruments for which it is practicable to estimate that value, effective for the 1995 financial statements. For many of the Bank's financial instruments, however, an available trading market does not exist; therefore, significant estimations and present value calculations were used to determine fair values as described below. Changes in estimates and assumptions could have a significant impact on these fair values.

Cash and Cash Equivalents - For cash and due from banks and federal funds sold, the carrying value is a reasonable estimate of fair value.

Investment Securities - Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans - The fair values for loans are estimated by discounting the future cash flows using current rates being offered for loans of similar terms to borrowers of similar credit quality.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

Note 12 - Fair Value of Financial Instruments - (continued)

Deposit Liabilities - The fair values of non-interest bearing deposits, savings, NOW and money market deposit accounts are, by definition, equal to the amount payable on demand at the reporting date. The carrying value of variable rate, fixed-term time deposits and certificates of deposit approximate their fair values. For fixed-rate certificates of deposit, fair values are estimated using a discounted cash flow analysis based on rates currently offered for deposits of similar remaining maturities.

Other Borrowed Money - Rates currently available to the Bank for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

The following table summarizes the estimated fair values of the Bank's financial instruments at December 31, 1998 and 1997:

	1998 Carrying Amount	1998 Fair Value	1997 Carrying Amount	1997 Fair Value
Financial Assets -				
Cash and Cash Equivalents	$ 7,961,442	$ 7,961,442	$ 17,251,252	$ 17,251,252
Investment Securities	41,965,338	41,965,338	48,523,151	48,523,151
Net Loans	140,609,897	147,272,000	124,402,057	114,765,687
Financial Liabilities -				
Deposits	166,021,012	167,314,000	172,077,274	172,378,454
Other Borrowed Money	3,500,000	3,500,000	-	-

Note 13 - Federal Home Loan Bank Line of Credit

The Bank is a member of the Federal Home Loan Bank (FHLB) and at December 31, 1998, and December 31, 1997, respectively, had a line of credit in the amount of $25,000,000 and $8,700,000. Outstanding borrowings at December 31, 1998 amounted to $3,500,000. There were no outstanding borrowings as of December 31, 1997. Any borrowings under this type of line will be secured by FHLB stock and mortgages owned by the Bank totaling 150% of the outstanding borrowings. The bank has the option of selecting from both variable and fixed rate loan products.

Note 14 - Regulatory Matters

The Bank is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory-and possibly additional discretionary-actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amount and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

Note 14 - Regulatory Matters - (continued)

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1998, that the Bank meets all capital adequacy requirements to which it is subject.

As of December 31, 1998, the most recent notification from the Federal Reserve categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain certain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios. There are no conditions or events since that notification that management believes have changed the institution's category.

The Bank's actual and required amounts and ratios are as follows (dollars in thousands):

<TABLE>
<CAPTION>

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the Prompt Corrective Action Provision	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
As of December 31, 1998						
Total Risk-Based Capital (to Risk-Weighted Assets)						
Consolidated	$ 23,724	18.1%	$ >10,460	>8.0%	$ >13,075	>10.0%
Commercial Bank	22,717	17.5%	>10,407	>8.0%	>13,008	>10.0%
Tier I Capital (to Risk-Weighted Assets)						
Consolidated	22,088	16.9%	>5,230	>4.0%	>7,845	> 6.0%
Commercial Bank	14,059	10.8%	>5,203	>4.0%	>7,805	> 6.0%
Tier I Capital (to Averaged Assets)						
Consolidated	22,088	11.4%	>7,734	>4.0%	>9,668	> 5.0%
Commercial Bank	14,059	7.3%	>7,736	>4.0%	>9,670	> 5.0%
As of December 31, 1997						
Total Risk-Based Capital (to Risk-Weighted Assets)	$ 22,202	18.3%	$ >9,710	>8.0%	$ >12,138	>10.0%
Tier I Capital (to Risk-Weighted Assets)	20,683	17.0%	>4,855	>4.0%	> 7,283	> 6.0%
Tier I Capital (to Averaged Assets)	20,683	12.1%	>6,861	>4.0%	> 8,576	> 5.0%

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

Note 15-Parent Company Financial Statements

The condensed financial statements of ComBanc, Inc., prepared on a parent company unconsolidated basis, are presented as follows:

PARENT COMPANY BALANCE SHEET

<TABLE>
<CAPTION>

	December 31, 1998
<S>	<C>
ASSETS	
Cash and Due from Banks	$ 12,000
Investments In and Receivables Due From Subsidiary	22,512,000
Intangible Assets	42,000
Total Assets	$22,566,000
LIABILITIES AND SHAREHOLDERS' EQUITY	
Equity Capital:	
Common Stock	$ 1,237,000
Capital Surplus	1,513,000
Retained Earnings	19,380,000
Accumulated Other Comprehensive Income	436,000
Total Equity Capital	22,566,000

Total Liabilities and Equity Capital	$22,566,000

PARENT COMPANY INCOME STATEMENT

	For the Year Ended December 31, 1998
Operating Expense:	
Interest Expense	$ 1,000
Other Expense	45,000
Total Operating Expense	46,000
Income (Loss) - Before Federal Income Taxes	(46,000)
Federal Income Tax Expense	(16,000)
Income (Loss) Before Undistributed Income of Subsidiary	(30,000)
Equity in Undistributed Income (Losses) of Bank Subsidiary	892,000
Net Income	$ 862,000

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1998

PARENT COMPANY STATEMENT OF CASH FLOWS

	For the Year Ended December 31, 1998
Cash Flows from Operating Activities:	
Net Income	$ 862,000
Adjustments to Reconcile Net Income to Net Cash from Operating Activities:	
Equity in Undistributed (Earnings) Losses of Subsidiaries	(892,000)
(Increase) Decrease in Other Assets	(8,058,000)
Total Adjustments	(8,950,000)
Net Cash Provided by Operating Activities	(8,088,000)
Cash Flows from Investing Activities:	
Investments In and Advances to Subsidiaries	8,635,000
Net Cash Used in Investing Activities	8,635,000
Cash Flows from Financing Activities:	
Proceeds from Purchased Funds and Other Short-Term Borrowings	45,000
Repayments of Purchased Funds and Other Short-Term Borrowings	(45,000)
Dividends Paid	(535,000)
Net Cash Provided by Financing Activities	(535,000)
Net Change in Cash and Cash Equivalents	12,000
Cash and Cash Equivalents	
End of Year	$ 12,000

ITEM 9 - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

NONE

PART III

ITEM 10 - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table lists the non-director, executive officers of the Company and the Bank. The information required by this item with respect to directors is incorporated herein by reference to the information under the heading "Election of Directors" in the definitive proxy statement of the Company.

EXECUTIVE OFFICERS

Name	Principal Occupation
Rebecca L. Minnig (42)	1989 - V.P., Cashier, and Security Officer 1992 - Senior V.P. Operations 1998 - Senior V.P. Operations and Corporate Secretary
James W. Vincent (40)	1992 - Senior V.P. Loans 1995 - Senior V.P. Loans and Corporate Secretary 1998 - Senior V.P. Commercial Loans
Kathleen A. Miller (38)	1990 - Controller 1997 - Vice President, CFO and Systems Manager

ITEM 11 - EXECUTIVE COMPENSATION

Pursuant to Instruction G, the information required by this Item is incorporated herein by reference from the caption entitled "Executive Compensation and Other Information" in the Company's definitive Proxy Statement, provided that the subsections entitled "Personnel Committee Report on Executive Compensation" and "ComBanc Performance" shall not be deemed to be incorporated herein by reference.

ITEM 12 - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Pursuant to Instruction G, the information required by this item is incorporated by reference herein from the caption "Voting Securities and Ownership Thereof by Certain Beneficial Owners and Management" contained in the Company's definitive Proxy Statement.

ITEM 13 - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Pursuant to Instruction G, the information required by this item is incorporated by reference from the caption entitled "Additional Information on Management" contained in the Company's definitive Proxy Statement.

PART IV

ITEM 14 - EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements. For a list of all financial statements included with this Annual Report on Form 10-K, see "Index to Consolidated Financial Statements" in Item 8. Financial Statements and Supplementary Data at page 26.

(2) Financial Statement Schedules. All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

(3) Exhibits. Exhibits filed with this annual Report on Form 10-K are attached hereto. See "Exhibit Index" at page 46.

(b) Reports on Form 8-K There were no reports on Form 8-K filed during the quarter ended December 31, 1998.

(c) Exhibits. Exhibits filed with this Annual Report on Form 10-K are attached hereto. See. "Exhibit Index" at page 46.

(d) Financial Statement Schedules
None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ComBanc, Inc.

/s/ Paul G. Wreede

Date: February 26, 1999 By: Paul G. Wreede, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Date	Capacity
Paul G. Wreede /s/Paul G. Wreede		President and Director
Ronald R. Elwer /s/Ronald R. Elwer		Executive Vice President and Director
Elmer J. Helmkamp		Chairman and Director
Kathleen A. Miller /s/Kathleen A. Miller		Vice President and CFO
Gary A. DeWyer /s/Gary A. DeWyer		Director
Richard R. Thompson /s/Richard R. Thompson		Director
Dwain I. Metzger /s/Dwain I. Metzger		Director
C. Stanley Strayer		Director

Date: February 26, 1999

ANNUAL REPORT ON FORM 10-K

For the Year Ended December 31, 1998

EXHIBIT INDEX

The Exhibits listed below are filed herewith or incorporated by reference to other filings.

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<CAPTION>

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EXHIBIT 3.1

Amended and Restated
Certificate of Incorporation
of ComBanc, Inc.

Pursuant to the provisions of Section 241 and 245 of the General Corporation Law of the State of Delaware, the undersigned sole incorporator of ComBanc, Inc., a Delaware corporation organized on November 25, 1997, does hereby amend and restate the Certificate of Incorporation as follows:

The Amended and Restated Certificate of Incorporation set forth herein was duly adopted prior to the receipt of any payment for any of the Corporation's stock.

FIRST: The name of this corporation is: ComBanc, Inc.

SECOND: Its registered office in the State of Delaware is to be located 15 Loockerman Street, in the city of Dover, County of Kent, 19903-0841. The registered agent in charge thereof is AGENTS FOR DELAWARE CORPORATIONS, INC.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

FOURTH: Total number of shares which the Corporation is authorized to have shall be five million (5,000,000) shares of common stock, no par value.

FIFTH: The Corporation shall eliminate the personal liability of a director to the Corporation or its Stockholders for monetary damages for breach of his fiduciary duty as a director. This Article Fifth shall not apply and shall not eliminate personal liability of a director: (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for illegal distribution of dividends; (iv) for any transaction from which the director derived an improper personal benefit.

SIXTH: The Corporation shall indemnify its present and past Directors, officers, employees and agents, and such other persons as it shall have powers to indemnify, to the full extent permitted under the provisions of Delaware law.

SEVENTH: The business and affairs of the Corporation shall be managed by the Board of Directors, the directors being elected and appointed as required by the Bylaws of the Corporation.

EIGHTH: The Corporation reserves the right to amend and repeal all provisions contained in this Certificate of Incorporation by a majority vote of stockholders.

I, the undersigned sole incorporator do hereby make this Amended and Restated Certificate of Incorporation this 24th day of August, 1998.

Martin D. Werner, Incorporator

EXHIBIT 3.2

COMBANC, INC.
BYLAWS

ARTICLE I
MEETING OF SHAREHOLDERS

SECTION 1.1. ANNUAL MEETING. An annual meeting of the stockholders, for the election of Directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date and at such time as the Board of Directors shall fix each year.

SECTION 1.2. SPECIAL MEETING. Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called by the Board of Directors or by any three (3) or more stockholders owning, in the aggregate, not less than twenty-five percent (25%) of the stock of the Corporation, and shall be on such date and at such time as the Board of Directors or other individual(s) shall fix. A special meeting shall be held at such place as shall be determined by the Board of Directors if called by the Board of Directors or at the main office of the Corporation if called by other persons.

SECTION 1.3. NOTICE OF MEETINGS. Written notice of the place, date, and time of all meetings of the stockholders shall be given, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, and shall be mailed, postage prepaid, to the address of the stockholder appearing on the books of the Corporation. Written waiver of such notice by stockholders is not permitted except through resolution by the Board.

When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, date, and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally called and notice given; or if a new record date is fixed for the adjourned meeting, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

SECTION 1.4. QUORUM. At any meeting of the stockholders, the holders of a majority of all the shares of stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law.

If a quorum shall fail to attend any meeting, the Chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date or time. A majority of the votes cast at a stockholders' meeting shall decide every question or matter submitted to the stockholder at any meeting unless otherwise provided by law, by the Certificate of Incorporation, or by these Bylaws.

SECTION 1.5. ORGANIZATION. Such person as the Board of Directors may have designated or in absence of such person, the highest ranking officer of the Corporation who is present shall call to order any meeting of the stockholders and act as Chairman of the meeting. In the absence of the Secretary of the Corporation, the Secretary of the meeting shall be such person as the Chairman appoints.

SECTION 1.6. CONDUCT OF BUSINESS. The Chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion.

SECTION 1.7. PROXIES AND VOTING. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing, filed in accordance with the procedure established for the meeting.

Each stockholder shall have one vote for every share of stock entitled to vote which is registered in his/her name on the record date for the meeting, except as otherwise provided herein or required by law. Unless otherwise specified a proxy shall be valid for only one (1) meeting, to be specified therein, and any adjournments of such meeting. Proxy shall be dated and filed with the records of the meeting.

SECTION 1.8. STOCK LIST. A complete list of stockholders entitled to vote at any meeting of stockholders for each class of stock and showing the address of each such stockholder and the number of shares registered in his/her name, shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at

a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II
BOARD OF DIRECTORS

SECTION 2.1. The Board of Directors (hereinafter referred to as the "Board"), shall have power to manage and administer the business and affairs of the Corporation. Except as expressly limited by law, all corporate powers of the Corporation shall be vested in, and may be exercised by said Board.

SECTION 2.2. NOMINATIONS FOR AND QUALIFICATIONS OF DIRECTORS. Nominations for election to the Board of Directors may be made by the Board of Directors, or by any stockholder of any outstanding class of capital stock of the Corporation entitled to vote for the election of Directors. Nominations, other than those made by or on behalf of the existing management of the Corporation, shall be made in writing and shall be delivered or mailed to the President of the Corporation not less than fourteen (14) days nor more than fifty (50) days prior to any meeting of the stockholders called for the election of Directors; provided, however, that if less than twenty-one (21) days notice of the meeting is given to stockholders, such notification must be mailed or delivered to the President of the Corporation not later than the close of business on the seventh (7) day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying stockholder: (a) the name and address of each proposed nominee; (b) the principal occupation of each proposed nominee; (c) the name and residence address of the notifying stockholder; and (e) the number of shares of capital stock of the Corporation owned by the notifying stockholder. Notifications not made in accordance herewith may, in his/her discretion, be disregarded by the Chairman of the meeting, and upon his/her instructions, the vote tellers may disregard all votes cast for each such nominee.

SECTION 2.3. NUMBER AND TERMS OF DIRECTORS. The number of Directors which shall constitute the whole board shall be not less than one (1) nor more than twenty-five (25). The number of Directors which shall constitute the Board of Directors for each year shall be determined by the Board of Directors and unless otherwise specified shall consist of the same number of Directors as were elected for the preceding year. A Director shall hold office until his successor is elected and qualified, or until his resignation or removal.

SECTION 2.4. REMOVAL OF DIRECTORS. Any or all of the Directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of Directors.

SECTION 2.5. ORGANIZATION MEETING. The Secretary of the Corporation, upon receiving the certificate of the judges of the result of any election, shall notify the "Directors elect" of their election and of the time at which they are required to meet for the purpose of organizing the new Board and electing and appointing officers of the Corporation for the succeeding year. Such meeting shall be appointed to be held on the day of the election, or as soon thereafter as practicable, and, in any event, within thirty (30) days thereof. If, at the time fixed for such meeting, there shall not be a quorum present, the Directors present may adjourn the meeting, from time to time, until a quorum is obtained.

SECTION 2.6. REGULAR MEETING. The regular meetings of the Board of Directors shall be held, without notice, as may be determined from time to time by the Board. When any regular meeting of the Board falls upon a holiday, the meeting shall be held on the next business day, unless the Board shall designate some other day.

SECTION 2.7. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman, Vice Chairman, and/or President of the Corporation, or at the request of three (3) or more Directors. Each member of the Board of Directors shall be given notice, stating the time and place, by letter, telegram or in person of each said special meeting. Such notice of the special meeting can be waived by a Director at the special meeting, but if a Director does not waive such a notice, said notice shall be received by each Director who has not waived notice not less than three (3) days prior to the special meeting.

SECTION 2.8. VACANCIES. If the office of any Director becomes vacant by reason of death, resignation, disqualification, removal or other cause, the majority of the Directors remaining in office, although less than a quorum, may elect a successor for the unexpired term and until his/her successor is elected and qualified.

SECTION 2.9. QUORUM. A majority of the Directors shall constitute a quorum at any meeting, except when otherwise provided by law; but a lesser number may adjourn any meeting, from time to time and the meeting may be held, as adjourned, without further notice.

SECTION 2.10. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other. Such participation shall constitute presence in person at such meeting.

SECTION 2.11 RETIREMENT. A Director shall retire not later than December 31 of the year in which such director shall attain age 70.

ARTICLE III
COMMITTEES

SECTION 3.1. COMMITTEES OF THE BOARD OF DIRECTORS. The Board of Directors, by vote of a majority of the whole Board, may from time to time designate committees of the Board, with such lawfully delegatable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a Director or Directors to serve as the member or members, designating, if it desires, other Directors as alternative members who may replace any absent or disqualified member at any meeting of the committee.

ARTICLE IV
OFFICERS AND EMPLOYEES

SECTION 4.1. CHAIRMAN OF THE BOARD. The Board of Directors may appoint one of its members to be Chairman of the Board to serve at the pleasure of the Board. He/She shall preside at all meetings of the Board of Directors. He/She shall have general executive powers, as well as the specific powers conferred by these Bylaws.

He/She shall also have and may exercise such further powers and duties as, from time to time, may be conferred upon or assigned to him/her by the Board of Directors.

SECTION 4.2. VICE CHAIRMAN OF THE BOARD. The Board of Directors may appoint one of its members to be Vice Chairman of the Board to serve at the pleasure of the Board. He/She shall preside at all meetings of the Board of Directors in the absence of the Chairman. He/She shall have general executive powers, as well as the specific powers conferred by these Bylaws. He/She shall also have and may exercise such further powers and duties as, from time to time, may be conferred upon or assigned to him/her by the Board of Directors.

SECTION 4.3. PRESIDENT. The Board of Directors shall appoint a President of the Corporation. In the absence of the Chairman or Vice Chairman, he/she shall preside at any meeting of the Board. The President shall have general executive powers, and shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the office of President, or imposed by these Bylaws. He/She shall also have and may exercise such further powers and duties as, from time to time, may be conferred upon or assigned to him/her by the Board of Directors.

SECTION 4.4. VICE PRESIDENT. The Board of Directors may appoint one or more Vice Presidents. Each Vice President shall have such powers and duties as may be assigned to him/her by the Board of Directors. Any one or more of such Vice President(s) may be designated as "Executive Vice President" or "Senior Vice President."

SECTION 4.5. SECRETARY. The Board of Directors shall appoint a Secretary, or other designated officer who shall be Secretary of the Board and of the Corporation, and shall keep accurate minutes of all meetings. He/She shall attend to the giving of all notices required by these Bylaws to be given. He/She shall be custodian of the corporate seal, records, documents and papers of the Corporation. He/She shall provide for the keeping of proper records of all transactions of the Corporation. He/She shall have and may exercise any and all other powers and duties pertaining by law, regulation or practice, to the office of Secretary, or imposed by these Bylaws. He/She shall also perform such other duties as may be assigned to him/her from time to time by the Board of Directors.

SECTION 4.6. OTHER OFFICERS. The Board of Directors may appoint one or more Assistant Vice Presidents, one or more Assistant Secretaries, and one or more Managers and Assistant Managers and such other officers and attorneys in fact as from time to time may appear to the Board to be required or desirable to transact the business of the Corporation. Such officers shall respectively exercise such powers and perform all such duties as pertain to their several offices, or as may be conferred upon, or assigned to by the Board of Directors, Chairman of the Board, Vice Chairman of the Board, or the President.

SECTION 4.7. TENURE OF OFFICE. The President and all other officers shall hold office for the current year for which the Board was elected, unless they shall resign, become disqualified, or be removed; any vacancy occurring in the office of the President shall be filled promptly by the Board of Directors.

ARTICLE V
RIGHT OF INDEMNIFICATION OF DIRECTORS, OFFICERS AND OTHERS

SECTION 5.1. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative ("proceeding"), by reason of the fact that he or she or a person for whom he or she is the legal representative is or was a Director or officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a Director or officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Director, officer, employee or agent or in any other capacity while serving as a Director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment) against all expenses, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith.

Such right shall be a contract right and shall include the right to be paid by the Corporation expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that the payment of such expenses incurred by a Director or officer of the Corporation in his or her capacity while a Director or officer (and not in any other capacity in which service was or is rendered by such person while a Director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Director or officer, to repay all amounts so advanced if it should be determined ultimately that such Director or officer is not entitled to be indemnified under this section or otherwise.

SECTION 5.2. INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any such Director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

ARTICLE VI
STOCK

SECTION 6.1. CERTIFICATES OF STOCK. Each stockholder shall be entitled to a certificate signed by, or in the name of the Corporation by, the President or Vice President and by the Secretary or an Assistant Secretary, certifying the number of shares owned by him/her. Any of or all the signatures on the certificate may be facsimile.

SECTION 6.2. TRANSFERS OF STOCK. Transfers of the stock shall be made only upon the transfer of the books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 6.4 of Article VI of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered for cancellation before a new certificate is issued therefor.

SECTION 6.3. RECORD DATE. The Board of Directors may fix a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for the other action hereinafter described, at which time there shall be determined the stockholders who are entitled: to notice of or to vote at any meeting of stockholders or any

adjournment thereof; to express consent to corporate action in writing without a meeting; to receive payment of any dividend or other distribution or allotment of any rights; or to exercise any rights with respect to any change, conversion or exchange of stock or with respect to any other lawful action.

SECTION 6.4. LOST, STOLEN OR DESTROYED CERTIFICATE. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds or indemnity.

SECTION 6.5. REGULATION. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VII
NOTICES

SECTION 7.1. NOTICES. Whichever notice is required to be given to any stockholder, Director, officer, or agent, such requirement shall not be construed to mean personal notice. Such notice may in every instance be effectively given by depositing a writing in a post office or letter box in a postpaid, sealed wrapper, or by dispatching a prepaid telegram, addressed to such stockholder, Director, officer or agent at his or her address as the same appears on the books of the Corporation. The time when such notice is dispatched shall be the time of the giving of the notice.

SECTION 7.2. WAIVERS. A written waiver of any notice, signed by a stockholder, Director, officer or agent whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, Director, officer or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE VIII
MISCELLANEOUS

SECTION 8.1. CONVEYANCE OF REAL ESTATE. All transfers and conveyances of real estate, title to which is vested in the Corporation, shall be by written instrument, under the seal of this Corporation, made pursuant to the order of the Board of Directors, and signed by either the Chairman, Vice Chairman, President, a Vice President, or Secretary.

SECTION 8.2. CONTRACTS. All contracts, checks, drafts, and other instruments shall be signed by the Chairman, Vice Chairman, President, or a Vice President or Secretary or such other officers as may be designated by the Board of Directors by resolution.

SECTION 8.3. CORPORATE SEAL. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Secretary or Assistant Secretary.

SECTION 8.4. RELIANCE UPON BOOKS, REPORTS, AND RECORDS. Each Director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his/her duties, be fully protected in relying on good faith upon the books of account or other records of the Corporation, including reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser with reasonable care.

SECTION 8.5. FISCAL YEAR. The fiscal year of this Corporation shall be the calendar year.

ARTICLE IX
AMENDMENTS

SECTION 9.1. AMENDMENTS. These Bylaws may be amended or repealed in whole or in part by majority of the whole Board of Directors at any meeting of the Board.

Stockholders may amend or repeal these Bylaws in whole or in part by approving such amendment or repeal thereof at a meeting of stockholders called for such purpose with a simple majority of the stockholders entitled to vote.

COMBANC, INC.
SUBSIDIARIES OF THE REGISTRANT
DECEMBER 31, 1998

EXHIBIT 21.1

Subsidiary (1)	State of Incorporation
The Commercial Bank	Ohio

(1) Subsidiaries' names listed hereon are names under which such subsidiaries do business.

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the inclusion in the 1998 form 10-K of our report dated January 25, 1999, with respect to the consolidated balance sheets of Combanc, Inc. and Subsidiary as of December 31, 1998 and 1997 and the related consolidated statements of income, changes in shareholders' equity and cash flows for the three years then ended:

/S/ E. S. EVANS AND COMPANY

E. S. Evans and Company

Lima, Ohio
February 26, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM COMBANC,
INC. AND SUBSIDIARY CONSOLIDATED BALANCE SHEET AT DECEMBER 31, 1998 AND THE
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1998 FORM 10-K AND
IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS
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