

# **PUBLIC DISCLOSURE**

June 6, 2005

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Exchange Bank  
43324  
235 Main Street  
P.O. Box 129  
Luckey, OH 43443-0129

Federal Reserve Bank of Cleveland

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

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

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## **INSTITUTION'S CRA RATING**

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

**The major factors and criteria contributing to this rating include:**

- Majority of loans and other lending-related activities are in the assessment area;
- A reasonable loan-to-deposit ratio considering competition of larger lenders in the area;
- A poor geographic distribution of loans dispersed throughout the assessment area; and
- Excellent penetration among individuals of different income levels and businesses of different revenue size.
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous CRA examination on June 4, 2001 resulted in a "Satisfactory" performance rating.

## DESCRIPTION OF INSTITUTION

The Exchange Bank ("TEB") is a wholly owned subsidiary of Exchange Bancshares, Inc. ("EB"), which, along with the main office of TEB, is located in Luckey, Ohio. Exchange Bancshares, Inc. holds TEB as its sole subsidiary with total parent company assets of approximately \$8.6 million.

TEB reported assets of \$88 million as of March 31, 2005. Loans constitute approximately 67% of total assets, with real estate loans accounting for approximately 83% of the loan portfolio. The remainder of the loan portfolio consists of commercial and consumer loans representing 3.4% and 11.5%, respectively. Approximately 23% of the bank's total assets are investments in U.S. treasury, agency, municipal, and other securities.

TEB operates five offices and five automated teller machines (ATMs) within its assessment area.

TEB competes with an array of national and large regional financial institutions to provide retail-banking services to the residents of its assessment area. A further discussion of the bank's operations and list of competitors is contained within the assessment area discussion.

Since the previous evaluation, TEB's assessment area has not been modified. TEB has one assessment area located in the Toledo MSA, which includes portions of both Lucas and Wood Counties.

On April 13, 2005, Rurban Financial Corp. ("Rurban") announced that it would acquire TEB and EB. The transaction is expected to close before year-end. In its announcement of the acquisition, Rurban indicated that TEB will operate as a separate bank subsidiary under Rurban, while the holding company will be merged into Rurban.

<b>Key Financial Ratios As of March 31, 2005</b>	
<b>Return of Average Assets</b>	<b>- 0.32%</b>
<b>Net Loans &amp; Leases to Average Assets</b>	<b>67.43%</b>
<b>Investments to Average Assets</b>	<b>22.90%</b>
<b>Total Deposits to Average Assets</b>	<b>90.13%</b>
<b>Net Loans &amp; Leases to Total Deposits</b>	<b>75.08%</b>
<b>1-4 Family Residential Loans to Average Loans</b>	<b>50.04%</b>
<b>Consumer Loans to Average Loans</b>	<b>11.79%</b>
<b>Commercial Loans to Average Loans (includes loans secured by RE)</b>	<b>29.12%</b>
<b>Agricultural Loans to Average Loans</b>	<b>1.34%</b>

The table above presents several key financial ratios for the bank. TEB had a return on average assets (ROAA) below peer as of March 31, 2005, The bank historically has had an ROAA below peer. Based on TEB's asset size and financial condition, the bank appears to have the ability to meet the credit needs of its assessment area.

There are no legal or other impediments that would hamper the bank's ability to meet the community's credit needs.

## SCOPE OF EXAMINATION

The data collected for this examination includes loan data from January 2004 through December 2004, which was reviewed to determine the geographic distribution of the bank's lending, as well as the distribution of loans to borrowers of different incomes and businesses of different revenue sizes.

The analysis was conducted on consumer, real estate, small business, and small farm loans originated by TEB. Consumer loans included home equity loans, motor vehicle, and secured and unsecured loans. The consumer-secured loans reviewed in this evaluation were loans secured by various types of collateral. The category of consumer-unsecured loans was comprised of, but not limited to, personal loans. HMDA loans included home purchase loans, refinancing, and home improvement type loans. Other loan data included construction loans and various other real estate loans.

TEB serves its assessment area primarily through direct lending; however, the bank serves as a broker for larger financial institutions for several mortgage loan products. This relationship enables the bank to offer a variety of mortgage products to increase its competitiveness and its ability to meet credit needs of the mortgage customer. Consequently, most of the residential mortgage lending performed by the bank is not credited to the bank, but is instead immediately sold to an investor. This lending is not counted as TEB's lending for CRA purposes, since TEB is not considered the originating lender.

## DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area consists of portions of two counties in the Toledo Metropolitan Statistical area ("MSA"). Although the MSA includes Fulton, Lucas, Ottawa, and Wood Counties, the bank's assessment area only includes portions of Lucas and Wood Counties. Within the assessment area, there are no low-income census tracts, 11 moderate-income census tracts, 20 middle-income census tracts, and 17 upper-income census tracts.

According to the FDIC/OTS Summary of Deposits<sup>1</sup> as of June 30, 2004, TEB overall deposit share in Wood and Lucas Counties was 1.29%, which ranks TEB 8th out of 19 institutions in the counties' overall market share. When analyzing the county markets, TEB is a small bank with assets less than \$250 million. Most of the major competitors within these counties are financial institutions with assets of more than \$250 million. Some of the competitors include, but are not limited to, Fifth Third Bank, Sky Bank, KeyBank NA, Charter One NA, Huntington NA, National City Bank NA and Signature Bank NA.

TEB operates through its main office and four branch locations within its assessment area. The following is a listing of branch locations:

Type	Address	Drive-Thru and ATM
Main Office	235 Main Street, Luckey, Ohio	Yes
Walbridge Branch	311 N. Main Street, Walbridge, Ohio	Yes
Sylvania Branch	6401 Monroe Street, Sylvania, Ohio	Yes
Holland Branch	940 Clarion Avenue, Holland, Ohio	Yes
Perrysburg Branch	610 E South Boundary, Perrysburg, Ohio	Yes

Since the previous CRA examination, the cash-only ATM at the Marathon Station in Perrysburg has been eliminated.

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<sup>1</sup> www.2.fdic.gov

## PERFORMANCE CONTEXT

### **Demographic Characteristics**

According to the 2000 U.S. Census data, the population within the assessment area totals 227,064, of which 85.22% are white, 7.72% are black, and 4.19% Hispanic. The median household income was reported as \$43,924. Of the total households, 20.52% are low-income, 15.33% are moderate-income, 18.48% middle-income, and 45.68% are upper-income. The age distribution is as follows: 17 and younger - 26.02%, 18-24 - 8.97%, 25-64 - 52.21%, 65 and over - 12.80%. **Table 1** illustrates the demographic and economic characteristics of the bank's assessment area in the MSA.

### **Income Characteristics**

The 2000 median family income for the bank's assessment area was \$55,072, more than both the MSA's level of \$50,408 and the State of Ohio's median level of \$50,037.

Families comprise 66.46% of the total households in the assessment area, of which 7.06% were families below the poverty level. Of the families residing in the assessment area, 17.02% are low-income families and 16.36% are moderate-income families. The remaining 66.61% are middle- and upper-income families.

### **Housing Characteristics**

As of 2000, 74.96% of the housing units were one-to-four family units, 18.86% were five or more family units, 6.09% were mobile homes, and approximately 0.09% were other units, including boarded-up units. Of the housing units in the assessment area, 64.03% were owner-occupied. The assessment area reflects a similar percent of owner-occupied units, when compared to the Toledo MSA's percentage of 62.02%. The median age of the housing stock of the assessment area was 30 years, as compared to 41 years for the MSA housing stock.

### **Labor, Employment and Economic Characteristics**

According to the Labor Market Review<sup>2</sup> for the Toledo metropolitan area, nonfarm payroll employment in the Toledo MSA rose by 2,800 above the March level to 329,600 in April 2005. The workforce in the goods-producing sector, at 65,000, advanced by 500. A seasonal increase in natural resources mining and construction exceeded a slight decline in manufacturing.

Nonagricultural wage and salary employment advanced 1,100 between April 2004 and April 2005. Modest gains were in professional and business services and other services.

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<sup>2</sup> Ohio Department of Job and Family Services in cooperation w/U.S Dept of Labor



Lucas County is located in the northwest portion of the state, bordering Michigan and Lake Erie. The Ottawa and Maumee Rivers flow through the county. The Port of Toledo provides access to both overseas and Great Lakes shipping. According to the Ohio Department of Development, the major employers in Lucas County include The Andersons, Bax Global, DaimlerChrysler Corp., Dana Corp., and General Motors.

Wood County is also located in the northwest portion of the state with the Ottawa and Maumee Rivers flowing through the county. With much of the land in farms, Wood County ranks first in the state in the production of corn, soybeans, wheat, and processing tomatoes. According to the Ohio Department of Development, the major employers include, but are not limited to, Bowling Green State University, ConAgra/Hunt-Wesson, Inc., Cooper Tire & Rubber Co., and DaimlerChrysler Corp.

According to the Ohio Job and Family Services<sup>3</sup> report of April 2005, the unadjusted unemployment rate for Lucas County was 6.8% and the unadjusted unemployment rate for Wood County was 5.5%, both of which was above the State of Ohio's unadjusted unemployment rate of 4.9% for the same time period.

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<sup>3</sup> Department of Job and Family Services

## CONCLUSION WITH RESPECT TO PERFORMANCE CRITERIA

### **Loan-to-Deposit Ratio**

TEB's loan-to-deposit ratio, which contrasts the level of loans to deposits is reasonable given the bank's size, financial condition, assessment area credit needs, and competition. The bank's average loan-to-deposit ratio for the last eight quarters based on Call Report information ending March 31, 2005, was 72%. The average loan-to-deposit ratio for similarly sized banks for the same period was 78%.

By contrast, the bank's previous CRA evaluation showed an average loan-to-deposit ratio of 83%, while peer loan-to-deposit ratio was 74%.

The decline in the loan-to-deposit ratio is primarily due to TEB's business strategy of selling loans on the secondary market. Also, a significant portion of the bank's lending are loans that did not benefit the bank's assessment area.

### **Loans Inside and Outside the Assessment Area**

The following table illustrates that the overall percentage of loans originated during the evaluation period within the bank's assessment area is approximately 67%. Upon closer review, the bank's lending patterns indicate that the bank originated fewer loans during 2004; however, of the loans that were analyzed, each loan type resulted in a majority of originations made inside the assessment area. As expected for a small community retail bank, most of the bank's lending was represented by consumer lending.

The bank's assessment area has not changed since their last CRA evaluation in June 2001.

The rest of the evaluation will only analyze and consider those loans that were made inside the bank's assessment area.

The Exchange Bank January – December 2004								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	\$ (000's)	%	# of Loans	%	\$ (000's)	%
<i>Real Estate Loans</i>	29	76.3	2,543	67.8	9	23.7	1,208	32.2
<i>Consumer</i>	151	64.8	3,247	61.2	82	35.2	2,062	38.8
<i>Small Loans to Business</i>	30	62.5	5,503	71.7	18	37.5	2,176	28.3
<i>Small Loans to Farms</i>	17	94.4	559	95.7	1	5.6	25	4.3
<b>Total</b>	<b>227</b>	<b>67.4</b>	<b>11,852</b>	<b>68.4</b>	<b>110</b>	<b>32.6</b>	<b>5,471</b>	<b>31.6</b>

### **Geographic Distribution**

The bank's geographic distribution of loans reflects a poor distribution of lending throughout the assessment area. The bank's percentage of consumer lending is lower than the demographic characteristics for the moderate-income geographies within this assessment area. In addition, the bank's percentage of real estate lending, small business and small farm lending is significantly less than the moderate-income demographic characteristics of the assessment area. The analysis of all moderate-income tracts within the assessment area showed that 45% of the tracts had no lending activity, as compared to 70% of the tracts that had no lending activity during the previous evaluation period.

Nine of the eleven moderate-income geographies, however, are clustered at the far reaches of the bank's assessment area. These geographies are at least eight miles from the bank's closest branch which is located in Walbridge. The bank had continued to include these geographies in its assessment area, based on the historic relationship the Walbridge branch had with persons who lived in this area and who worked for the railroads. Since the significant downsizing of the railroad industry, the bank has lost many of their former customers to the larger financial institutions, which are now located approximately three miles from those moderate-income tracts.

As shown in the following table, the bank's percentage of consumer loans in moderate-income geographies was significantly less than the percentage of households residing in those geographies. The majority of consumer lending was made to the middle- and upper-income geographies. This reflects a poor geographic distribution of consumer loans within this

assessment area.

Geographic Distribution of Consumer Loans										State:
Ohio Evaluation Period: January – December 2004										
Assessment Area:	Total Consumer Loans*		Lower-Income Borrower		Moderate-Income Borrower		Middle-Income Borrower		Upper-Income Borrower	
	#	% of total	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans
Toledo-MSA										
Home Equity	38	25	0	0	18.24	2.6	42.92	55.3	38.84	42.1
Motor Vehicle	66	44	0	0	18.24	10.6	42.92	63.6	38.84	25.8
Other Secured	12	8	0	0	18.24	16.7	42.92	75.0	38.84	8.3
Other Unsecured	31	21	0	0	18.24	0	42.92	64.5	38.84	35.5

\*Other Loan Data makes up remaining 2%.

No real estate loans were made in either the bank's moderate-income geographies during this evaluation period. This was a 5.56% decrease from 2001. All of the loans were made in the middle- and upper-income geographies. TEB has a poor geographic distribution of home purchase loans within this assessment area.

Geographic Distribution of Real Estate Loans										State:
Ohio Evaluation Period: January – December 2004										
Assessment Area	Total Real Estate Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans	% Owner Occ Units	% Bank Loans
Toledo-MSA	12	41	0	0	14.3	0	42.0	66.7	43.7	33.3

There were no home improvement loans made within either the moderate-income geographies of owner-occupied units within those geographies. Again, all home improvement loans were made to the middle- and upper-income geographies. TEB has a poor geographic distribution of home improvement loans within this assessment area.

<b>Geographic Distribution of Other Home Loans</b>										<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>										
Assessment Area	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans
Toledo-MSA	3	10	0	0	14.3	0	42.0	66.7	43.7	33.3

As demonstrated below, the bank did not extend any home mortgage refinance loans within the moderate-income geographies. All refinanced loans were made to middle- and upper-income geographies. Overall, TEB has a poor geographic distribution of home mortgage refinance loans within this assessment area.

<b>Geographic Distribution of Other Home Loans</b>										<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>										
Assessment Area	Total Refinancing Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans	% Owner Occ Units	% BANK Loans
Toledo-MSA	14	48	0	0	14.3	0	42.0	78.6	43.7	21.4

As shown in the table below, the bank did not extend any small business loans within the moderate-income geographies. The majority of lending was made to the middle- and upper-income geographies.

<b>Geographic Distribution of Small Loans to Businesses</b>										<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>										

Assessment Area	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans	% of Businesses	% BANK Loans
Toledo-MSA	30	100	0	0	9.6	0	35.7	40.0	54.7	60.0

The bank did not extend any small farm loans within the moderate-income geographies. All of the bank's small farm loans made in the assessment area were located within the middle-income geographies. Refer to the preceding table.

Geographic Distribution of Small Loans to Farms										State:
Ohio Evaluation Period: January – December 2004										
Assessment Area	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans	% of Farms	% BANK Loans
Toledo-MSA	17	100	0	0	4.3	0	71.9	100	23.8	0

### **Borrower Distribution**

In contrast to the bank's poor geographic distribution of loans, the bank has an excellent penetration of loans to borrowers of different income levels and businesses and farms of different revenues. The bank's percentage of lending for consumer, home mortgage, small business, and small farm offers an excellent representation of the demographic characteristics of the individuals and businesses within the assessment area. When considering the distribution of lending to low- and moderate-income families, the percentage of families below the poverty level was taken into consideration, especially for home mortgage lending. Within the bank's assessment area, 7.06% of the families are below the poverty level. While poverty level is based upon income level and family size, generally these families are within the low-income category.

The bank's percentage of consumer loans to low-income borrowers was slightly lower overall than the percentage of low-income households in the assessment area since the previous evaluation. However, the percentage of motor vehicle loans made to low-income borrowers slightly increased during this same time period. Considering the percentage of households below the poverty level and the highly competitive nature of the assessment area, the bank's level of consumer lending is considered excellent. The bank's percentage of consumer loans to moderate-income borrowers continued to exceed the percentage of moderate-income households in the assessment area. Overall, TEB has an excellent distribution of consumer

loans among borrowers of different income levels as shown in the following table.



<b>Borrower Distribution of Consumer Loans</b>										<b>State:</b>	
<b>Ohio Evaluation Period: January – December 2004</b>											
Assessment Area:	Total Consumer Loans*		Lower-Income Borrower		Moderate-Income Borrower		Middle-Income Borrower		Upper-Income Borrower		
	#	% of total	% of Hhlds	% BANK loans	% of Hhlds	% BANK loans	% of Hhlds	% BANK loans	% of Hhlds	% BANK loans	
Toledo-MSA											
Home Equity	38	25	20.51	7.9	15.34	26.3	18.48	21.1	45.67	42.1	
Motor Vehicle	66	44	20.51	28.8	15.34	25.8	18.48	15.2	45.67	21.2	
Other Secured	12	8	20.51	16.7	15.34	33.3	18.48	16.7	45.67	16.7	
Other Unsecured	31	21	20.51	19.4	15.34	25.8	18.48	25.8	45.67	22.6	

\*Other Loan Data makes up remaining 2%.

The bank's percentage of home purchase loans to low - and moderate-income borrowers was relatively higher than the percentage low - and moderate-income families in the assessment area and slightly lower in regards to middle- and upper-income families. Therefore, TEB has an excellent distribution of home purchase loans among borrowers of different income levels as shown below.

<b>Borrower Distribution of Real Estate Loans</b>										<b>State:</b>	
<b>Ohio Evaluation Period: January – December 2004</b>											
Assessment Area	Total Real-Estate Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	
Toledo-MSA	12	41	17.02	25.0	16.36	25.0	21.73	16.7	44.88	33.3	

As demonstrated in the following table, the bank made only three home improvement loans during this evaluation period, of which no loans were originated to low - or moderate-income borrowers.

<b>Borrower Distribution of Other Home Loans</b>										<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>										
Assessment Area	Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans
Toledo-MSA	3	10	17.02	0	16.36	0	21.73	33.3	44.88	66.7

There were only 14 home mortgage refinance loans made during this evaluation period, of which more than one-third of the loans were made to either low - or moderate-income borrowers.

<b>Borrower Distribution of Other Home Loans</b>										<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>										
Assessment Area	Total Refinancing Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans	% Families	% BANK Loans
Toledo-MSA	14	48	17.02	14.3	16.36	21.4	21.73	21.4	44.88	42.9

Of business loans made during the evaluation period, 100% of the loans were made to businesses with revenues of \$1 million or less. Additionally, a majority of the small business loans were for loan amounts of less than \$100,000. This shows that the bank has been very responsive to the credit needs of small businesses.

<b>Borrower Distribution of Small Loans to Businesses</b>							<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>							
Assessment Area	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total	% of Businesses	% BANK Loans	\$100,000 or Less	> \$100,000 to \$250,000	>\$250,000 to \$1,000,000
Toledo-MSA	30	100	84.6	100	14	9	7

All of the 17 loans made to small farms were made to farms with revenues of \$1 million dollars or less. This is an indication that TEB is being responsive to the credit needs of the small farms within their assessment area.

<b>Borrower Distribution of Small Loans to Farms</b>							<b>State:</b>
<b>Ohio Evaluation Period: January – December 2004</b>							
Assessment Area	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size		
	#	% of Total	% of Farms	% BANK Loans	\$100,000 or Less	> \$100,000 to \$250,000	>\$250,000 to \$1,000,000
Toledo-MSA	17	100	97.3	100	17	0	0

**Complaints**

Neither TEB nor the Federal Reserve Bank of Cleveland has received any complaints regarding the bank’s performance under the Community Reinvestment Act.

**Compliance with Antidiscrimination Laws**

No violations of the substantive provisions of the antidiscrimination laws and regulations were identified. The bank’s loan policy contained an Equal Credit Opportunity Act statement. The bank has implemented fair lending policies, procedures, and training programs, and regularly conducts internal reviews for compliance with policies and procedures. Interviews with employees and management revealed an understanding of the regulatory requirements regarding fair lending.

**Community Contacts**

One community contact was conducted in conjunction with this evaluation.

**APPENDIX A  
TABLES**

**Table 1**

<b>Demographics – The Exchange Bank</b>									
<b>Toledo County Assessment Area</b>									
<b>Income Categories</b>	<b>Tract Distribution</b>		<b>Families by Tract Income</b>		<b>Families &lt; Poverty Level as % of Families by Tract</b>		<b>Families by Family Income</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low -Income	0	0.0	0	0.0	0	0.0	10,280	17.0	
Moderate-Income	11	22.9	10,414	17.2	2,088	20.0	9,881	16.4	
Middle-Income	20	41.7	24,650	40.8	1,441	5.8	13,122	21.7	
Upper-Income	17	35.4	25,320	41.9	735	2.9	27,101	44.9	
<b>Total Assessment Area</b>	<b>48</b>	<b>100.0</b>	<b>60,384</b>	<b>100.0</b>	<b>4,264</b>	<b>7.1</b>	<b>60,384</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>		<b>Housing Types by Tract</b>						
			<b>Owner-occupied</b>		<b>Rental</b>		<b>Vacant</b>		
			<b>#</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Low -Income		0	0	0.0	0.0	0	0.0	0	0.0
Moderate-Income		18,208	8,812	14.3	48.4	7,787	42.8	1,609	8.8
Middle-Income		40,969	25,833	42.0	63.2	13,035	31.8	2,051	5.0
Upper-Income		36,985	26,879	43.7	72.7	8,455	22.9	1,651	4.5
<b>Total Assessment Area</b>		<b>96,162</b>	<b>61,574</b>	<b>43.7</b>	<b>72.7</b>	<b>29,277</b>	<b>30.4</b>	<b>5,311</b>	<b>5.5</b>
	<b>Total Businesses by Tract</b>		<b>Businesses by Tract &amp; Revenue Size</b>						
			<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	
Low -Income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-Income	766	9.6	663	9.8	76	8.2	27	9.2	
Middle-Income	2,842	35.7	2,372	35.2	340	36.5	130	44.1	
Upper-Income	4,355	54.7	3,701	54.9	516	55.4	138	46.1	
Unknown-Income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>7,963</b>	<b>100.0</b>	<b>6,736</b>	<b>100.0</b>	<b>932</b>	<b>100.0</b>	<b>295</b>	<b>100.0</b>	

<b>Demographics – The Exchange Bank</b>						
<b>Toledo County Assessment Area</b>						
	<b>Percentage of Total Businesses:</b>	<b>84.6</b>		<b>11.7</b>		<b>3.7</b>

Table 1

Demographics – The Exchange Bank								
Toledo County Assessment Area								
	Total Farms by Tract		Farms by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low -Income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-Income	8	4.3	8	4.4	0	0.0	0	0.0
Middle-Income	133	71.9	129	71.7	4	80.0	0	0.0
Upper-Income	44	23.8	43	23.9	1	20.0	0	0.0
Tract not Reported	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>185</b>	<b>100.0</b>	<b>180</b>	<b>100.0</b>	<b>5</b>	<b>100.0</b>	<b>0</b>	<b>0.0</b>
	<b>Percentage of Total Farms:</b>			<b>97.3</b>		<b>2.7</b>		<b>0.0</b>

**Table 2**

<b>Loan Distribution as of March 31, 2005</b>		
<b>Loan Type</b>	<b>Dollar Amount (000s)</b>	<b>Percent of Total Loans (%)</b>
<i>Construction and Land Development</i>	1,475	2.5
<i>Secured by Farmland</i>	2,303	3.8
<i>1-4 Family Residential</i>	30,240	50.2
<i>Multi-Family (5 or more) Residential</i>	435	0.7
<i>Commercial</i>	15,640	25.9
<b>Total Real Estate Loans</b>	<b>50,093</b>	<b>83.1</b>
<i>Commercial and Industrial</i>	2,059	3.4
<i>Agricultural</i>	793	1.3
<i>Consumer</i>	6,954	11.5
<i>Other</i>	384	0.6
<i>Less: Unearned Income</i>	0	0
<b>Total Loans</b>	<b>60,283</b>	<b>100</b>

## APPENDIX B

### CRA GLOSSARY

**Aggregate lending:** The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**Block numbering area (“BNA”):** Statistical subdivisions of a county for grouping and numbering blocks in nonmetropolitan counties where local census statistical area committees have not established census tracts. BNAs do not cross county lines.

**Census tract:** Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community development:** Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals, activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration’s Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

**Consumer loan:** A loan to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

**Full review:** Performance under the lending, investment, and service tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography:** A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.



**Home Mortgage Disclosure Act (“HMDA”):** The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home mortgage loans:** Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Low-income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

**Limited review:** Performance under the lending, investment, and service tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Market share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

**Metropolitan area:** Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**Moderate-income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a geography.

**Middle-income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Optional loans:** Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Small loans to business:** A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

**Small loans to farms:** A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

**Owner-occupied units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Upper-income:** Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

**APPENDIX C**  
**ASSESSMENT AREA MAPS**

Exam Name: Exchange Bank  
Assessment Area: Toledo MSA 45780  
Loan Year: 2004

