

# **PUBLIC DISCLOSURE**

October 6, 2003

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Commercial Bank  
RSSD #934114

229 East Second Street  
Delphos, Ohio 45833

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:

- A reasonable loan-to-deposit ratio considering competition of lenders in the area and other lending-related activities;
- A majority of loans and other lending-related activities are in the assessment area;
- A reasonable geographic distribution of loans dispersed throughout the assessment area;
- More-than-reasonable penetration among individuals of different income levels;
- More-than-reasonable penetration among businesses and farms of different revenue sizes; and
- There have been no complaints filed against the bank since the previous CRA examination.

## DESCRIPTION OF INSTITUTION

The Commercial Bank is a full-service retail bank serving portions of Allen, Auglaize, Paulding, Putnam, and Van Wert Counties. The bank's main office is located in Delphos, Ohio, which is situated in Allen County. In addition to its main office, the bank operates three full-service branches in Allen County – two are located in the city of Lima and one is in the city of Elida.

The Commercial Bank is the sole subsidiary of ComBanc, Inc., a holding company. As of September 30, 2003, The Commercial Bank had total assets of \$210.3 million. There are no other subsidiaries under the holding company or the bank.

The bank offers a variety of retail and commercial banking products and services, including consumer loans, residential mortgage loans, and commercial loans. For this evaluation, the bank's consumer loans, HMDA-reportable loans, small business loans, and small farm loans were considered. The bank's loan portfolio comprises 64.5% of the institution's total assets. The remaining 35.5% of the bank's assets is comprised of U.S. Treasury securities, other securities, and other assets. The bank is predominately a retail lender, with real estate loans comprising slightly more than 78% of the total loan portfolio. Significant real estate products include 1-4 family residential loans (33.1%), and non-farm non-residential loans (34%). Other significant lending products offered include commercial loans (11.2%), and consumer loans (8.7%). A table illustrating the bank's loan distribution can be found in *Appendix A*. This table shows The Commercial Bank's loan distribution by dollar amount and percent of loans as of June 31, 2003.

The Commercial Bank's assessment area includes 44 census tracts (block numbering areas) with representation in each of the income level census tracts. In addition, the assessment area contains portions of the Lima MSA 4320 and in a non-metropolitan statistical area ("Non-MSA") of the State of Ohio. The Lima MSA consists of Allen and Auglaize Counties. The Non-MSA consists of portions of Putman, Paulding, and Van Wert Counties with one block numbering area in Paulding County. Within the bank's overall lending assessment areas, there are two low-income tracts, 13 moderate-income tracts, 24 middle-income tracts, and five upper-income tracts. The bank's assessment area has not changed since the previous examination, which was conducted in September 1999; however as a result of the 2000 census data; two census tracts have merged. The Commercial Bank competes with several national and regional financial institutions in providing retail-banking services within its assessment area.

Since the previous CRA examination, The Commercial Bank has closed one branch in a middle-income tract located in Gomer, Ohio. Closing this branch had no negative impact in serving the needs of the assessment area.

The following table presents several key financial ratios for the bank.

<b>Key Financial Ratios As of June 31, 2003</b>	
<b>Return of Average Assets</b>	<b>-.15%</b>
<b>Net Loans &amp; Leases to Average Assets</b>	<b>63.29%</b>
<b>Investments to Average Assets</b>	<b>29.55%</b>
<b>Total Deposits to Average Assets</b>	<b>82.95%</b>
<b>Net Loans &amp; Leases to Total Deposits</b>	<b>75.88%</b>
<b>1-4 Family Residential Loans to Average Loans</b>	<b>33.12%</b>
<b>Consumer Loans to Average Loans</b>	<b>8.68%</b>
<b>Commercial Loans to Average Loans</b>	<b>52.61%</b>
<b>Agricultural Loans to Average Loans</b>	<b>5.03%</b>

As of June 31, 2003, The Commercial Bank has a Return on Average Assets (“ROAA”) less than that of peer institutions, and the bank has historically experienced earnings below the peer level. Based on The Commercial Bank’s Net Loans and Leases to Total Deposits ratio, the bank has demonstrated the ability to meet the credit needs of its assessment area. The bank has placed a majority of its deposits in the form of real estate, commercial, consumer, and agricultural loans within the community in which the bank operates.

Based on its asset size and financial condition, The Commercial 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.

The previous CRA examination, conducted as of September 20, 1999, resulted in a “Satisfactory” performance rating.

## **SCOPE OF EXAMINATION**

The data collected for this examination is from January 1, 2003 to June 30, 2003 and 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 loans to businesses of different revenue sizes.

The analysis was conducted on HMDA-reportable loans, consumer loans, small business loans and small farm loans. HMDA-reportable loans include home purchase loans, refinanced home loans, and home improvement loans. Consumer loans include home equity loans, motor vehicle loans, and unsecured loans.

The Commercial Bank's assessment area includes 44 census tracts, which includes two low-income tracts, 13 moderate-income tracts, 24 middle-income tracts, and five upper-income tracts. In addition, the assessment area includes portions of the Lima MSA 4320 and a Non-MSA of the State of Ohio. The Lima MSA consists of Allen and Auglaize Counties. The Non-MSA consists of portions of Putman, Paulding, and Van Wert Counties with one block numbering area in Paulding County. A detailed analysis of the assessment area is contained in the assessment area description section of this public evaluation.

This public evaluation looks at the bank's lending practices by both geographic and borrower distribution. For the purposes of this evaluation, consideration was given to the size of the institution, lending opportunities within the assessment area, and competition with other institutions.

## CONCLUSION WITH RESPECT TO PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

The Commercial Bank's net loan-to-deposit (NLTD) ratio is reasonable based on its size and financial condition, the credit needs of its assessment area, and competition. The bank's NLTD ratio has decreased over the past nine quarters from 92.70% at June 30, 2001 to 75.88% at June 30, 2003, with an overall average of 82.31%. The NLTD ratio for the peer group during the same time frame ranged from 77.51% to 77.30% with an average of 77.36%.

The peer group for the Commercial Bank is defined as banks with three or more banking offices located in a metropolitan area, with assets between \$100 and \$300 million.

### Loans Inside and Outside the Assessment Area

The table below illustrates that, for this evaluation period, the bank originated 586 loans, or 77.8%, inside its assessment area. The table depicts that a majority of loans, both by number and dollar amount, were originated inside the bank's assessment area. This is considered satisfactory due to the location of the bank's branches, the bank's size, and competition throughout the assessment area.

<b>The Commercial Bank January 1, 2003 – June 30, 2003</b>								
<b>Loan Type</b>	<b>Inside the Assessment Area</b>				<b>Outside the Assessment Area</b>			
	# of Loans	%	\$ (000's)	%	# of Loans	%	\$ (000's)	%
<i>HMDA</i>	225	60.6	18,814	59.2	146	39.4	12,992	40.8
<i>Consumer</i>	251	93.7	2,786	92.7	17	6.3	221	7.3
<i>Small Business</i>	78	95.12	6,018	99.54	4	4.87	33	.55
<i>Small Farm</i>	32	100	1,093	100	0	0	0	0
<b>Total</b>	<b>586</b>	<b>77.8</b>	<b>28,711</b>	<b>68.4</b>	<b>167</b>	<b>22.2</b>	<b>13,246</b>	<b>31.6</b>

## Geographic Distribution

The geographic distribution of loans made within The Commercial Bank's assessment is considered reasonable.

The distribution of loans is reasonable when compared to the percentage of owner-occupied units of within the moderate, middle, and upper-income geographies. In reviewing the loans made in the low-income geographies to the percentage of owner-occupied units, HMDA lending in the low-income geographies is considered satisfactory. Also to be noted is that the bank's assessment area contains just two low-income geographies and the bank's performance is assessed in conjunction with the economic conditions of the area.

The table below depicts the HMDA loans originated inside the bank's assessment area compared to the percentage of owner-occupied units. The bank generated .89% of its HMDA loans in the low-income geographies, which approximates the .9% of all owner-occupied units are located in the low-income geographies. The bank generated 10.67% of its HMDA loans in the moderate-income geographies as compared to 16.2% of all the owner-occupied units residing in these geographies. Within the assessment area, 37.3% of the total census tracts are occupied rental units, dampening the demand for these products.

In addition, lending in the middle-income geographies surpassed the percentage of owner-occupied units, while the percentage of loans to the upper-income geographies slightly higher than the percentage of owner-occupied units.

### **Geographic Distribution of HMDA Loans**

Geographic Distribution:		Evaluation Period: January 1, 2003 to June 30, 2003								
Assessment Area:	Total HMDA Loans		Lower-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of total	% of owner occ units	% Bank loans	% of owner occ units	% Bank loans	% of owner occ units	% Bank loans	% of owner occ units	% Bank loans
	Home Purchase	56	24.89	.9	1.79	16.2	21.43	66.4	60.71	16.5
Refinancing	165	73.33	.9	.61	16.2	4.85	66.4	76.97	16.5	17.58
Home Improve	4	1.78	.9	0	16.2	100	66.4	0	16.5	0
<b>TOTAL</b>	<b>225</b>	<b>100.0</b>	<b>.9</b>	<b>.89</b>	<b>16.2</b>	<b>10.67</b>	<b>66.4</b>	<b>71.56</b>	<b>16.5</b>	<b>16.89</b>

The table below depicts the geographic distribution of consumer lending inside the bank's assessment area compared to the percentage of households in each income category. The Commercial Bank's distribution of loans appears low in comparison to the percentage of households within low- and moderate-income geographies, yet the bank's lending is reasonable when comparing consumer loan originations to the proportion of middle- and upper-income geographies. Lending in the lower- and moderate-income geographies is less than the percentage of households within the moderate-income geography, with the majority of lending to the middle- and upper-income geographies. While the bank is succeeding in extending credit to the middle- and upper-income geographies, the distribution of lending to the lower and moderate-income geographies is less favorable. Therefore, based on the bank's lending and the competition in the area, the geographic distribution of consumer lending is considered less than satisfactory.

### Geographic Distribution of Consumer Loans

Geographic Distribution:		Evaluation Period: January 1, 2003 to June 30, 2003								
Assessment Area:	Total Consumer Loans		Lower-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of total	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans	% of Hhlds	% Bank loans
Home Equity	51	20.32	1.6	0	18.9	1.96	63.7	78.43	15.9	19.61
Motor Vehicle	129	51.4	1.6	0	18.9	3.88	63.7	83.72	15.9	12.40
Other Unsecured	71	28.29	1.6	0	18.9	1.41	63.7	78.87	15.9	19.72
<b>TOTAL</b>	<b>251</b>	<b>100.0</b>	<b>1.6</b>	<b>0</b>	<b>18.9</b>	<b>2.79</b>	<b>63.7</b>	<b>81.27</b>	<b>15.9</b>	<b>15.94</b>

The bank originated 78 loans to small businesses during the review period. However, no small business loans were made in the low-income geographies, although 9.5% of all small business within the bank's assessment area reside in the low-income geographies. Lending to businesses in the low-income geographies is considered less than satisfactory. The bank originated 11.5% of its small business loans in the moderate-income geographies, as compared 9.2% of businesses within the assessment area being located in the moderate-income geographies. As a result, lending to businesses within low- and moderate-income geographies is considered reasonable.

Of the remaining loans to small businesses, 75.6% were originated to businesses in middle-income geographies and 12.8% were made in upper-income geographies. The percentage of businesses in the middle- and upper-income geographies was 59.6% and 21.7%, respectively.

The bank originated 32 small loans to farms during this review period. No farm loans were made in the low- and moderate-income geographies, although less than 1% (.67%) of all farms are located in the low-income geographies, and a nominal 1.2% are located in moderate-income tracts. The majority of the farm loans (78.1%) were made in the middle-income geographies.

Although farm loans only consist of 5% of the loan portfolio reviewed for this evaluation, the bank's overall distribution of farm loans is considered less than reasonable. It should be noted, however, that because of the bank's limited lending to farmers, not much weight is given to this loan product in the overall assessment.

**Borrower Distribution of Different Income and Revenue Size of Business or Farm**

The borrower distribution of loans within the bank's overall assessment area is considered more than reasonable. The tables below represent the bank's consumer loans, HMDA loans, small business loans, and small farm loans originated in the assessment area, respectively. HMDA loans are compared to the percentage of families in the assessment area and consumer loans are compared to the percentage of households. The table below illustrates the borrower distribution of HMDA loans originated during this review period. Of the loans reviewed, 8.44% had no reported income.

Low-income families represent 18.4% of the families residing in the assessment area. However, the percentage of potential low-income borrowers equates to 10.2% of the families in the assessment area, as 8.2% of the families live below the area's poverty level. Approximately 8.9% of the bank's loans were originated to low-income borrowers, which is comparable to the adjusted percentage of low-income families at 10.2% in these areas. The bank's lending to low-income borrowers is considered more than reasonable.

The bank made 18.67% of HMDA loans to moderate-income borrowers, which is comparable to the percentage of moderate-income families of 19.6%. As a result, the bank's level of HMDA lending is considered good.

**Borrower Distribution of HMDA Loans**

Borrower Distribution		State: Ohio		Evaluation Period: January 1, 2003 to June 30, 2003						
Total HMDA Loans		Borrower Distribution								
		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
	#	% of Total	% of families	% BANK Loans	% of families	% BANK Loans	% of families	% BANK Loans	% of families	% BANK Loans
Home Purchase	56	24.89	18.4	3.57	19.6	12.50	24.5	28.57	37.5	46.43
Home Improve	4	1.78	18.4	0	19.6	25	24.5	50	37.5	25
Refinancing	165	73.33	18.4	10.91	19.6	20.61	24.5	26.06	37.5	33.94
<b>TOTAL</b>	<b>225</b>	<b>100.0</b>	18.4	<b>8.89</b>	19.6	<b>18.67</b>	24.5	<b>27.11</b>	37.5	<b>36.89</b>

8.44% of the loans had no reported income.

Since consumer loans represent a lower percentage of the bank's lending (42.8%) for this evaluation period, more weight was placed on the HMDA lending for this evaluation.

Although the bank originated 251 consumer loans, only 136 loans were reviewed for the borrower distribution, primarily due to 115 loans (45.8%) having no reported income. As a result, 136 consumer loans were reviewed under the borrower distribution of loans to give a truer picture of consumer lending within the assessment area.

The bank's percentage of consumer loans to low-income borrowers was comparable to the percentage of low-income households in the assessment area. The bank made 21.32% of its consumer loans to low-income borrowers as compared to 22.6% of low-income households in the assessment area. The bank's level of consumer lending to low-income borrowers is considered good.

The bank's percentage of total consumer loans to moderate-income borrowers exceeded the percentage of households. The bank made 23.53 % of its consumer loans to moderate-income borrowers as compared to 17.6% of moderate-income households in the assessment area. Consumer lending to moderate-income borrowers is considered excellent.

As a result, consumer credit extended to borrowers of different income levels is a more than reasonable reflection of the borrower characteristics of individuals within the assessment area.

**Borrower Distribution of Consumer Loans**

Borrower Distribution		State: Ohio		Evaluation Period: January 1, 2003 to June 30, 2003						
Total Consumer Loans		Borrower Distribution								
		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		
#	% of Total	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans	% of Hhlds	% BANK Loans	
Home Equity	30	22.1	3.33	22.6	17.6	16.67	20.6	43.33	39.2	36.67
Motor Vehicle	71	52.2	29.58	22.6	17.6	28.17	20.6	23.94	39.2	18.31
Other Unsecured	35	25.7	20	22.6	17.6	20	20.6	34.29	39.2	25.71
<b>TOTAL</b>	<b>136</b>	<b>100</b>	<b>21.32</b>	<b>22.6</b>	<b>17.6</b>	<b>23.53</b>	<b>20.6</b>	<b>30.88</b>	<b>39.2</b>	<b>24.26</b>

The table below represents the loans to businesses with revenues of \$1 million or less.

As depicted in the table below, the percentage of loans to businesses within the assessment area with revenues of \$1 million or less at 80.5% exceeded the percentage of businesses with revenues of \$1 million or less at 79%. It should be noted that, regardless of business size, 80.5% of the business loans made were for \$100,000 or less. This shows that the bank has been responsive to the credit needs of small business within its assessment area.

**Borrower Distribution of Small Loans to Businesses**

Borrower Distribution Small Loans to Businesses				Evaluation Period: January 1, 2003 to June 30, 2003		
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
41	100.0	79	80.5	33	4	4

(\*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(\*\*) Businesses with revenues of \$1 million or less as a percentage of all businesses. PCI Services, Inc. 2000

(\*\*\*) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.

The table below depicts the percentage of loans to farms within the assessment area with revenues of \$1 million or less, at 100%. All loans originated by the bank for this review period were made to farms with revenues of \$1 million or less. In addition, a significant factor to note is that 100% of the small farm loans were for loan amounts less than \$100,000. This also shows that the bank has been responsive to the credit needs of small farms within its assessment area.

**Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS				Evaluation Period: January 1, 2003 to June 30, 2003			
Total Small Farm Loans		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 \$500,000	
15	100.0	97.8	100.0	15	0	0	

(\*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(\*\*) Farms with revenues of \$1 million or less as a percentage of all farms. PCI Services, Inc. 2000

(\*\*\*) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.

In addition to the lending activity, the bank made donations to local organizations within its assessment area.

**Compliance with Anti-discrimination Laws**

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. The bank has policies, procedures, and training program in place to address compliance with anti-discrimination laws and regulations.

## **METROPOLITAN STATISTICAL AREA**

### **DESCRIPTION OF INSTITUTION'S OPERATIONS IN LIMA MSA 4320 and the NON-MSA – STATE OF OHIO**

The Lima MSA 4320 and non-MSA is located in the western central portion of the State of Ohio. The Lima MSA includes portions of Allen and Auglaize Counties. The non-MSA includes portions of Paulding, Putnam, and Van Wert Counties, with one block-numbering area ("BNA") in Paulding County. This assessment area consists of two low-income tracts, thirteen moderate-income tracts, twenty-four middle-income tracts and five upper-income tracts.

The bank's main office and three branches are located within this assessment area. The bank's main office is located in Delphos, which is situated in Allen County. In addition to its main office, the Commercial Bank operates three full-service branches in Allen County, of which two are in the city of Lima and one is in the city of Elida.

Manufacturing and services industry claims the highest percentage of employment (each representing 27.4% of total employment for a total of 55%) in the assessment area. Some of the major employers within the bank's assessment area include, but are not limited to, Proctor and Gamble, I &K Distributors, BP Amoco Lima Chemicals, and Nickles Bakery of Ohio.

According to the FDIC/OTS<sup>1</sup> report, dated June 30, 2002, the Commercial Bank's market share of deposits within the Lima MSA was 8.05%. This ranks the bank fifth in market share of deposits out of 17 institutions within the metropolitan statistical area. However, if you narrow the focus to Allen County, the bank's market share of deposits increase to 11.15%, which ranks the bank fourth out of twelve institutions. Most of the bank's major competitors are financial institutions with assets of more than \$250 million. Some of the bank's major competitors include, but are not limited to, Bank One, NA Huntington National Bank, Fifth Third Bank, and Community First Bank and Trust.

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<sup>1</sup> FDIC/OTS Summary of Deposits website: [www.fdic.gov](http://www.fdic.gov)

## PERFORMANCE CONTEXT

### **Demographic Characteristics**

The population of this assessment area, as of the 2000 census, was 146,447 which is 6.38% of the Lima MSA and Non-MSA population. *Table 1* illustrates the demographic and economic characteristics of this assessment area.

### **Income Characteristics**

The 2000 median family income for the assessment area was \$45,556, which was slightly lower than the State of Ohio's median family income at \$50,037.

Families comprise 71.2% of the total households in the assessment area. Families living below the poverty level constitute 8.2% of that figure. Of the families residing in the assessment area, 18.4% are low-income families, 19.6% are moderate-income families, 24.5% are middle-income families, and 37.5% are upper-income families.

### **Housing Characteristics**

As of 2000, there were 59,637 housing units in the assessment area, of which 86.8% were one-to-four family units, 7.3% were five or more family units, 5.8% were mobile homes, and less than one percent were other units, including boarded-up units. Of the housing units in the assessment area, 69.15% were owner-occupied. The median age of the housing stock in the assessment area was 40 years old, which is slightly older when compared to the average median age of the housing stock of the State of Ohio's house stock at 38 years.

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

According to the Ohio Job and Family Services,<sup>2</sup> the unemployment rate in Allen, Auglaize, Paulding, Putnam, and Van Wert Counties for the month of July 2003 was 8.2%, 5.5%, 9.7%, 7.0% and 8.6%, respectively, which is comparable to the State of Ohio at 6.4% for the same time frame. The national unadjusted rate for July 2003 was 6.3%.

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

**TABLE 1**

Demographics The Commercial Bank Lima MSA 4320 and Non-MSA Assessment Area								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	4.5	618	1.57	225	36.4	7,219	18.4
Moderate-income	13	29.5	7409	18.88	1,485	20	7,709	19.6
Middle-income	24	54.5	24,999	63.88	1,296	5.2	9,606	24.5
Upper-income	5	11.4	6,226	15.86	223	3.6	14,718	37.5
<b>Total Assessment Area</b>	<b>44</b>	<b>100.0</b>	<b>39,252</b>	<b>100.0</b>	<b>3,229</b>	<b>8.2</b>	<b>39,252</b>	<b>100.0</b>
	Housing Units by Tract	Housing Types by Tract						
		Owner-occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	1,478	364	.9	24.63	772	52.23	342	23.14
Moderate-income	13,657	6,692	16.2	49	5,203	38.1	1,762	12.9
Middle-income	36,516	27,364	66.4	74.9	7,021	19.23	2,131	5.8
Upper-income	7,986	6,817	16.5	85.4	936	11.7	233	2.9
<b>Total Assessment Area</b>	<b>59,637</b>	<b>41,237</b>	<b>100.0</b>	<b>69.15</b>	<b>13,932</b>	<b>23.36</b>	<b>4,468</b>	<b>7.5</b>
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	671	9.47	528	9.43	45	9.45	98	9.7
Moderate-income	651	9.19	490	8.75	69	14.5	92	9.1
Middle-income	4,227	59.67	3,389	60.5	259	54.41	579	57.33
Upper-income	1,535	21.67	1,191	21.27	103	21.64	241	23.86
<b>Total Assessment Area</b>	<b>7,084</b>	<b>100.0</b>	<b>5,598</b>	<b>100.0</b>	<b>476</b>	<b>100.0</b>	<b>1,010</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>79.02</b>		<b>6.72</b>		<b>4.4</b>
	Total Farm by Tract		Farm by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	7	.62	6	.54	1	6.25	0	0
Moderate-income	12	1.06	12	1.08	0	0	0	0
Middle-income	805	71.13	787	71.09	13	81.25	5	55.55
Upper-income	308	27.21	302	27.28	2	12.5	4	44.44
<b>Total Assessment Area</b>	<b>1,132</b>	<b>100.0</b>	<b>1,107</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>
	<b>Percentage of Total Businesses:</b>			<b>97.79</b>		<b>1.41</b>		<b>.80</b>

**APPENDIX A  
TABLES**

<i>Loan Distribution as of June 30, 2003</i>		
<i>Loan Type</i>	<i>Dollar Amount (000s)</i>	<i>Percent of Total Loans (%)</i>
<i>Construction and Land Development</i>	7,477	5.5
<i>Secured by Farmland</i>	4,639	3.4
<i>Home Equity Loans</i>	5,750	4.2
<i>1-4 Family Residential</i>	38,630	28.5
<i>Multi-Family (5 or more) Residential</i>	2,819	2
<i>Commercial</i>	47,306	34.9
<b><i>Total Real Estate Loans</i></b>	<b>106,621</b>	<b>78.6</b>
<i>Commercial and Industrial</i>	14,527	10.7
<i>Agricultural</i>	2,512	1.9
<i>Consumer</i>	10,598	7.8
<i>Other</i>	1,343	1
<i>Less: Unearned Income</i>	0	0
<b><i>Total Loans</i></b>	<b>135,601</b>	<b>100.0</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

**APPENDIX C  
ASSESSMENT AREA MAPS**

### The Commercial Bank

#### Assessment Area Overview with Branch/ATM Locations

