PUBLIC DISCLOSURE

March 7, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First Bexley Bank
Certificate: 58022

2680 East Main Street
Bexley, Ohio 43209

Federal Deposit Insurance Corporation
Chicago Regional Office
Division of Depositor and Consumer Protection
300 South Riverside Plaza, Suite 1700
Chicago, Illinois 60606

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: This institution is rated *Satisfactory*.

The rating is supported by the following factors:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A substantial majority of loans and other lending related activities are in the institution's assessment area.

- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.

- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

- The institution has not received any CRA-related complaints since the last evaluation; therefore, this performance criterion was not evaluated.

- No evidence of discrimination or other illegal credit practices was identified during the evaluation period.

SCOPE OF EXAMINATION

Based on Community Reinvestment Act (CRA) regulations, effective January 1, 2011, a small bank is an institution that, as of December 31 of either of the prior two calendar years, had assets of less than $1.122 billion. Small bank examination procedures were used to evaluate The First Bexley Bank's (The FBB or Bank) based on its asset size at year-end 2010. Procedures used to evaluate the bank's performance included an analysis of the loan-to-deposit ratio, lending in its assessment area, borrowers' profile, geographic distribution of loans, responsiveness to CRA-related complaints, and compliance with anti-discrimination laws and other illegal credit practices.

To test for the bank's lending activities, the bank's Home Mortgage Disclosure Act (HMDA) loans for 2009 and 2010 were reviewed. The analysis also included the bank's small business lending during the same period; however, small farm lending was not included as the bank did not originate any farm loans.

The HMDA statute requires certain mortgage lenders, that do business or have banking offices in a metropolitan statistical area (MSA), to file annual summary reports of their mortgage lending activity. The reports include such data as race, gender, applicant income, loan amount, and the disposition of the application. The results of this lending activity along with small business loans are analyzed for the assessment area concentration, borrowers' profile, and geographic distribution of loans. Small business loans include loans with original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

DESCRIPTION OF INSTITUTION

The First Bexley Bank is a de novo institution founded in 2006 and headquartered in Bexley, Ohio. The First Bexley Bank is a full-service commercial bank operating from a single location at 2680 East Main Street in Franklin County. No offices have been opened or closed since the previous evaluation. The bank has drive-through services and extended lobby hours on Friday and Saturday. The bank has a 24-hour automated teller machine on the premises and offers 24-hour telephone and online banking services. Services are appropriate to the needs of the community.

Total assets of the bank as of December 31, 2010 and December 31, 2009 were $161.5 million and $129.8 million, respectively. Based on The First Bank of Bexley's asset size at year-end 2010 "small bank" examination procedures were used in the CRA performance evaluation. The First Bank of Bexley was evaluated under small bank procedures during the last review on January 31, 2008. At that evaluation, the bank was rated "Satisfactory." Total assets at that evaluation were $65.3 million.

Table 1 depicts the December 31, 2010 loan portfolio. The primary lending focus of the bank is residential real estate loans, which comprise 54 percent of the total portfolio followed by commercial lending with 44 percent of the portfolio.

Table 1 – Loan Portfolio as of December 31, 2010		
LOAN TYPE	DOLLARS (000)	PERCENTAGE OF DOLLARS
Loans Secured by Real Estate:		
Construction and land development	3,643	3
Secured by farmland	0	0
1-4 family residential:		
Revolving open-end	18,436	15
Closed end:		
Secured by first liens	40,230	33
Secured by junior liens	370	<1
Multifamily	7,765	6
Nonfarm nonresidential	40,878	33
Loans to depository institutions	0	0
Loans to Finance Agricultural Production	0	0
Commercial and Industrial	10,922	9
Individuals		
Credit cards	0	0
Other revolving credit	407	<1
Other consumer loans	1,060	1
Loans to foreign governments and institutions	0	0
Obligations of states and political subdivisions	0	0
Other	0	0
Lease financing receivables	0	0
Less: Unearned Income	0	0
TOTAL	**123,711**	**100**

Source: Report of Condition for December 31, 2010

There are no financial or legal impediments that would preclude the bank from reasonably meeting the credit needs of its assessment area under the guidelines of the CRA.

DESCRIPTION OF THE FIRST BEXLEY BANK'S ASSESSMENT AREA

The CRA requires financial institutions to define its assessment area within which the bank concentrates its lending efforts. The First Bexley Bank increased its assessment area since the previous evaluation and now includes the whole Counties of Franklin, Delaware, Licking, Fairfield, Pickaway, Madison, and Union. The bank is located in Franklin County and the assessment area includes Franklin and the contiguous counties.

The above listed counties are located within the Columbus, Ohio MSA 18140. The assessment area consists of 35 low-, 101 moderate-, 148 middle-, and 94 upper-income census tracts and one undefined income census tract.

The bank's assessment area is reasonable, as it includes the census tracts where the bank's office is located, consists of contiguous whole geographies, does not arbitrarily exclude any low- or moderate-income census tracts, and does not evidence discrimination. Table 2 reflects the demographics of the bank's assessment area.

Table 2 – Demographic Information: The First Bexley Bank

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	379	9.23	26.65	39.05	24.80	0.26
Population by Geography	1,581,066	6.60	22.56	42.13	28.47	0.23
Owner-Occupied Housing by Geography	391,666	2.94	17.51	45.74	33.81	0.00
Business by Geography	107,952	6.73	17.96	40.24	35.06	0.01
Farms by Geography	3,807	1.13	8.93	62.23	27.71	0.00
Family Distribution by Income Level	404,868	19.39	18.38	23.09	39.13	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	152,947	10.99	33.37	42.33	13.31	0.00
Median Family Income (MFI) HUD Adjusted MFI for 2010 Families Below Poverty Level		54,708 68,600 7%	Median Housing Value		120,052	

* The NA category consists of geographies that have not been assigned an income classification.
Source: 2000 US Census and 2010 HUD updated MFI

Population

Based on the 2000 U.S. Census, the bank's assessment area had a population of 1.6 million. This population contained 625,237 households of which 404,868 were designated as families. Of the population, 74 percent are of a legal age to contract debt, which is 18 years of age. Approximately 10 percent are over 65 years of age. Given that 64 percent of the population is between 18 and 64 years of age, this represents a good lending base in the bank's market area to promote lending opportunities. Median family income for the assessment area is $54,708 compared to the State of Ohio which is $50,037.

Employment

An assessment of the employment statistics indicates an environment of satisfactory income levels (as mentioned above, median family income for the assessment area is greater than that of the State of Ohio) and falling unemployment rates. Of the 625,237 households in the area, 83 percent are wage or salary earners. Approximately 20 percent of the households receive social security with 16 percent retired and 3 percent receiving public assistance.

According to the Bureau of Labor Statistics, unemployment rates for the assessment area, as noted in Table 3, have increased from 2009 to first quarter 2010 then began falling through the second and third quarters of 2010. As of January 2011 according to the Ohio Department of Job and Family Services, of the counties comprising the assessment area, Delaware had the lowest unemployment rate at 7.0 percent, followed by Franklin at 8.3 percent, Union at 8.4 percent, Fairfield at 8.6 percent, Madison and Licking at 9.6 percent each, and Pickaway at 11.3 percent.

The data reflects that the counties within the assessment area experienced lower unemployment rates than the State of Ohio overall and although the unemployment rate has declined for the assessment area, it is still higher than it was in 2009. These unemployment numbers reflect a prospective reduction in the number of potential borrowers.

Major employers within the assessment area include: The Ohio State University, JP Morgan Chase, Nationwide Insurance, Ohio Health, and Columbus Public Schools. Additionally, the federal government is a major employer with the United States Postal Service, Defense Finance and Accounting Service, and Defense Supply Center.

Table 3 - Unemployment Rates

	2009	1st Qtr 2010	2nd Qtr 2010	3rd Qtr 2010
MSA 18140	8.4%	9.8%	9.1%	8.5%
State of Ohio	10.2%	11.7%	10.4%	9.9%

Source: Bureau of Labor Statistics

Business

A review of the composition of businesses in the assessment area indicates the majority of businesses operate from a single location, are very small businesses, and support the service and retail trade industries. According to 2009 D&B data, there are a total of 111,759 businesses in the assessment area; 97 percent are non-farm and 94 percent have revenues of less than $1 million. The service industry comprises 50 percent of the businesses in the assessment area followed by retail trade at 13 percent. Seventy-four percent of these businesses have fewer than five employees; and 86 percent have less than ten employees.

Housing

According to the 2000 U.S. Census, there are 684,437 housing units within the assessment area. Of this number, 57 percent are owner-occupied units, 34 percent are rental units, and 6 percent are vacant. Seventy-nine percent of the housing consists of one-to-four family units and 19 percent are multifamily units. As of the 2000 U.S. Census, the median age of housing stock is 30 years with a median value of $120,052 and median gross monthly rent of $582.

Competition

There are 55 financial institutions operating 555 banking offices within the whole counties that comprise the assessment area. These institutions include large regional banks, savings associations, and smaller area banks including The First Bexley Bank. Based on the population in the 2000 U.S. Census, this would equate to one banking location for every 2,849 persons. As of June 30, 2010, the top five institutions, ranked by deposits, have 64 percent of the market share and 43 of the institutions have less than one percent market share. The First Bexley Bank is ranked 24th with a market share of less than one-half percent.

Most of the bank's competition is from institutions that, based on their size and location, are required to report loan data under the HMDA requirements. HMDA data provides one indication of area competition for residential real estate loans. For 2009, which is the most current data available, there were 549 lenders that originated 117,923 HMDA-reportable residential loans in the assessment area, totaling $19.5 billion. Based on the number of loans originated, the top ten lenders combined originated 59,376 loans totaling $9.9 billion, commanding 50 percent of the market. The First Bexley Bank ranked 110th with 120 loans totaling $19.6 million, or .10 percent of total loans by number and by dollar volume. The data shows that most of the bank's competition is from large regional or national institutions and national mortgage companies; however, there are also other institutions that are not required to report HMDA data that compete with The First Bexley Bank, which increases the competition.

Community Contact

A community contact with the director of a local housing development organization was used for this examination. This individual indicated that Franklin County has a stable economy, but it is also showing no signs of growth. The contact stated that financing is available from numerous sources and that the local financial institutions are supportive of all persons and businesses within the area. He also indicated that foreclosures have had a large impact in the local area, particularly low- or moderate-income (LMI) areas. The contact noted there has been some restraint by local institutions in the wake of the recent economic and housing downturns, and expressed a need for branches in LMI areas, however, spoke of no particular institution.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

The First Bexley Bank's loan-to-deposit ratio (LTD) averaged 87 percent over the 12 quarters (March 2008 through December 2010) since the last CRA evaluation and is reasonable considering the bank's size, financial condition, and assessment area credit needs. The LTD ratio ranged from a low of 75 percent as of June 20, 2008 to a high of 94 percent as of June 30, 2010. Loans and deposits have both trended upward although not proportionally resulting in fluctuations of the LTD ratio. By comparison, over the same time period, a similarly-sized institution with a similar loan focus had an average loan-to-deposit ratio of 99 percent over the same period.

Assessment Area Concentration

As shown in Table 4 below, The First Bexley Bank originated a substantial majority of its loans within the assessment area. However, the assessment area has expanded since the last evaluation from a portion of Franklin County to the whole counties of Franklin, Delaware, Licking, Fairfield, Pickaway, Madison, and Union. This results in a large assessment area for the size and number of offices of the bank. HMDA reportable loans for both 2009 and 2010 were 96 percent inside the assessment area and small business loans were 93 percent for 2009 and 100 percent for 2010 inside the assessment area. By dollar amount, HMDA reportable loans and small business loans for both years were at least 90 percent inside the assessment area.

Table 4 – Distribution of Loans Inside and Outside of the Assessment Area (Dollars in Thousands)

Loan Category or Type	Number of Loans					Dollars in Loans				
	Inside		Outside		Total	Inside		Outside		Total
	Number	%	Number	%		Dollars	%	Dollars	%	
Total Residential Mortgages										
2009	119	96	5	4	124	19,500	96	771	4	20,271
2010	54	96	2	4	56	11,184	90	1,254	10	12,438
Subtotal Residential	173	96	7	4	180	30,684	94	2,025	6	32,709
Small Business										
2009	53	93	4	7	57	14,769	98	336	2	15,105
2010	51	100	0	0	51	11,306	100	0	0	11,306
Subtotal Business	104	96	4	4	108	26,075	99	336	1	26,411
Total Small Business and Residential	277	96	11	4	288	56,759	96	2,361	4	59,120

Source: HMDA LAR (2009 – 2010) and Bank records

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels and businesses of different sizes.

Residential Lending

The following classifications by income level are based on the 2009 and 2010 HUD updated median family income (MFI) and were used to analyze the bank's performance in lending to borrowers of different incomes, taking into account that seven percent of the families within this area are below the poverty level. The MFI is the same for both years and Table 5 represents the MFI calculations for the Columbus, OH MSA which comprises the bank's assessment area.

Table 5 – Median Family Income Distribution for 2009 and 2010	
Income Level	**Columbus, OH MSA 18140 $68,600**
Low (Less than 50% of MFI)	Below $34,300
Moderate (50% to less than 80% of MFI)	$34,300 to $54,879
Middle (80% to less than 120% of MFI)	$54,880 to $82,319
Upper (120% or more of MFI)	$82,320 and up

Tables 6 and 7 reflect poor penetration by the bank in the distribution of loans to borrowers of different incomes. For residential lending, the number of loans is compared to the percentage of families in the respective income level and additionally, the 2009 residential lending data was compared to aggregate lending by all lenders within the assessment area. Eighteen percent of the families are moderate-income, 20 percent are low-income, and seven percent of the families in the assessment area have income below the poverty level. It is typically difficult for the families below the poverty level to afford homeownership, given the limited amount of discretionary funds they have remaining on a monthly basis; therefore, the percentage of low-income families the bank can provide home mortgage products to is effectively 13 percent.

Table 6 – Distribution of Residential Loans by Borrower Income (Number of Loans)

Borrower Income Level	Percent of Families in AA	Aggregate Lending Data 2009	2009		2010		Total	
			Count	%	Count	%	Count	%
Low	20*	8	0	0	2	4	2	1
Moderate	18	18	8	7	5	9	13	8
Middle	23	21	11	9	4	7	15	9
Upper	39	35	61	51	24	45	85	49
Not Available		18	39	33	19	35	58	33
TOTAL	**100**	**100**	**119**	**100**	**54**	**100**	**173**	**100**

Source: U.S. Census, HMDA LAR (2009 – 2010), and Bank records.
*Seven percent of families in the assessment are below poverty level. For comparison purposes the percentage of low-income families can therefore be considered 13 percent.

To determine lending performance, more weight was placed on the distribution by number of loans (Table 6) than by dollar amount of loans (Table 7). In general, the number of loans to low- and moderate-income families is more expressive of performance than the dollars loaned, since low- and moderate-income families typically borrow smaller amounts.

In 2009, the bank did not originate any loans to low-income borrowers as compared to peer lending (aggregate lending) that originated eight percent and, as previously mentioned, the lending opportunity was 13 percent. For moderate-income borrowers, bank lending was eight percent, well below that of peer lending at 18 percent. In 2010, lending to low-income borrowers was four percent and lending to moderate-income borrowers was nine percent; both well below the percent of low- and moderate-income families in the assessment area of 13 percent and 18 percent, respectively. Peer aggregate data is not available for 2010. As previously discussed, the turmoil caused by high unemployment rates creates uncertainty for the customer's ability to borrow money, particularly for low- and moderate-income borrowers.

Table 7 – Distribution of Residential Loans by Borrower Income (Dollars in Thousands)								
Borrower Income Level	**Percent of Families in AA**	**Aggregate Lending Data 2009**	**2009**		**2010**		**Total**	
			Dollar	**%**	**Dollar**	**%**	**Dollar**	**%**
Low	20*	4	0	0	211	2	211	1
Moderate	18	12	1,181	6	711	6	1,892	6
Middle	23	19	986	5	310	3	1,296	4
Upper	39	47	7,588	39	4,780	43	12,368	40
Not Available		18	9,745	50	5,172	46	14,917	49
TOTAL	**100**	**100**	**19,500**	**100**	**11,184**	**100**	**30,684**	**100**

Source: U.S. Census, HMDA LAR (2009 – 2010), and Bank records.
*Seven percent of families in the assessment are below poverty level. For comparison purposes the percentage of low-income families can therefore be considered 13 percent.

Loans to Small Businesses

The CRA defines small business loans as those with original amounts of $1 million or less. Tables 8 and 9 reflect reasonable penetration among businesses of different sizes. Of the 53 small business loans originated in 2009, 79 percent by number and 82 percent by dollar were to businesses with gross annual revenues of less than $1 million as compared to 94 percent of the businesses that fall into this category. In 2010, 51 small business loans were originated with 65 percent by number and 56 percent by dollar to businesses with gross annual revenues of less than $1 million as compared to 94 percent of the businesses that fall into this category. While the bank's percentages are below peer averages, they are considered reasonable for both years. A mitigating factor for the difference between the percent of small businesses and the bank's lending percentages is some small businesses have turned to alternative sources of financing such as home equity lines of credit and short-term financing offered through credit cards.

Table 8 - 2009 Lending Distribution of Small Business Loans Based on Gross Annual Revenues of the Business (Dollars in Thousands)		
Gross Annual Revenue	**Less than $1,000,000**	**$1,000,000 and above**
Percentage of Businesses by Gross Annual Revenues*	94%	6%
Number of Loans	42	11
Percentage by Number	79%	21%
Dollar Amount of Loans	$12,118	$2,651
Percentage by Dollar Amount	82%	18%

Source: D&B data and Bank records

Table 9 – 2010 Lending Distribution of Small Business Loans Based on Gross Annual Revenues of the Business (Dollars in Thousands)		
Gross Annual Revenue	**Less than $1,000,000**	**$1,000,000 and above**
Percentage of Businesses by Gross Annual Revenues*	94%	6%
Number of Loans	33	18
Percentage by Number	65%	35%
Dollar Amount of Loans	6,356	4,950
Percentage by Dollar Amount	56%	44%

Source: D&B data and Bank records

Geographic Distribution of Loans

The geographic distribution of loans, as shown in Tables 10 and 11 for residential lending and Tables 12 and 13 for small business lending, which correlate the distribution of the bank's loans to the income category of the census tracts in this assessment area, reflects reasonable dispersion throughout the assessment area.

Residential Lending

For residential lending, a comparison was conducted of the volume of the bank's lending to the percentage of owner-occupied housing units within each census tract level and additionally, the 2009 residential lending data was compared to aggregate lending by all lenders within the assessment area.

Table 10 – Distribution of Loans by Income Category of Census Tract (Number of Loans)								
Census Tract Income Level	**Percent of Owner-Occupied Housing**	**Aggregate Lending Data 2009**	**2009**		**2010**		**Total**	
			Count	**%**	**Count**	**%**	**Count**	**%**
Low (35 tracts)	3	1	20	17	10	19	30	17
Moderate (101 tracts)	17	9	41	34	13	24	54	31
Middle (148 tracts)	46	41	39	33	11	20	50	29
Upper (94 tracts)	34	49	19	16	20	37	39	23
Not Available (1 tract)	0	0	0	0	0	0	0	0
TOTAL	**100**	**100**	**119**	**100**	**54**	**100**	**173**	**100**

Source: HMDA, Bank records

Table 11 – Distribution of Loans by Income Category of Census Tract (Dollars in Thousands)								
Census Tract Income Level	**Percent of Owner-Occupied Housing**	**Aggregate Lending Data 2009**	**2009**		**2010**		**Total**	
			Dollar	**%**	**Dollar**	**%**	**Dollar**	**%**
Low (35 tracts)	3	1	3,645	19	1,594	14	5,239	17
Moderate (101 tracts)	17	6	5,257	27	1,727	15	6,984	23
Middle (148 tracts)	46	34	5,090	26	2,331	21	7,421	24
Upper (94 tracts)	34	59	5,508	28	5,532	50	11,040	36
Not Available (1 tract)	0	0	0	0	0	0	0	0
TOTAL	**100**	**100**	**19,500**	**100**	**11,184**	**100**	**30,684**	**100**

Source: HMDA, Bank records

To determine residential lending performance, typically more emphasis is on the distribution by number of loans (Table 10) than by dollar amount of loans (Table 11) since loan amounts tend to be lower on properties in lower income census tracts than amounts borrowed on properties in higher income census tracts. For The First Bexley Bank, lending by both number of loans and dollar amount of loans was comparable for both 2009 and 2010.

The bank's percentage of lending in the low-income census tracts greatly exceeded that of peer lending and the percentage of owner-occupied housing for 2009 and 2010. In the moderate-income census tracts, the bank's percentage of residential lending also exceeded that of peer lending and the percentage of owner-occupied housing for 2009 and 2010. Overall, the bank's geographic distribution of residential loans reflects excellent dispersion throughout the assessment area.

Loans to Small Businesses

The review for small business lending compares the percentage penetration of bank lending by census tracts to the percentage of businesses in those respective census tracts. In Tables 12 and 13, the analysis of lending in low-income census tracts exceeded the percentage of businesses in those census tracts for both 2009 and 2010. In the moderate-income census tracts, bank lending was below that of the percentage of businesses; however, it's still considered reasonable.

Table 12 – Distribution of Small Business Loans by Income Category of the Geography

Tract Income Level	Percent of Businesses	2009		2010		Total	
		Count	%	Count	%	Count	%
Low (35 tracts)	6	4	8	5	10	9	9
Moderate (101 tracts)	18	6	11	5	10	11	11
Middle (148 tracts)	40	20	38	20	39	40	38
Upper (94 tracts)	35	23	43	21	41	44	42
Not Available (1 tract)	1	0	0	0	0	0	0
TOTAL	**100**	**53**	**100**	**51**	**100**	**104**	**100**

Source: D&B data and Bank records

Table 13 – Distribution of Small Business Loans by Income Category of the Geography							
Tract Income Level	**Percent of Businesses**	**2009**		**2010**		**Total**	
		Dollar	**%**	**Dollar**	**%**	**Dollar**	**%**
Low (35 tracts)	6	500	3	1,068	9	1,568	6
Moderate (101 tracts)	18	2,421	16	1,688	15	4,109	16
Middle (148 tracts)	40	4,504	31	4,290	38	8,794	34
Upper (94 tracts)	35	7,344	50	4,260	38	11,604	44
Not Available (1 tract)	1	0	0	0	0	0	0
TOTAL	**100**	**14,769**	**100**	**11,306**	**100**	**26,075**	**100**

Source: D&B data and Bank records

Response to CRA-related Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion was not a factor in arriving at the overall CRA rating.

Fair Lending or Other Illegal Credit Practices Review

The bank has implemented fair lending policies, procedures, and training adequate for preventing fair lending violations. No evidence of discriminatory or other illegal credit practices was identified during the current evaluation.