PUBLIC DISCLOSURE

November 16, 2009

COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION

Twin Valley Bank
RSSD: 381026

2 East Dayton Street
West Alexandria, Ohio 45381

Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, Ohio 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: Twin Valley Bank is rated "Satisfactory."

Major factors contributing to this rating include:

- The loan-to-deposit ratio is reasonable, given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities were made in the assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;
- The distribution of loans reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and business of different revenue sizes; and,
- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

The previous CRA evaluation (October 24, 2005) resulted in a rating of "Satisfactory."

SCOPE OF EXAMINATION

The evaluation of Twin Valley Bank's (Twin Valley) Community Reinvestment Act (CRA) performance covered the period of January 1, 2007 through June 30, 2009. This evaluation was performed using the Interagency Small Bank Evaluation Procedures. Under this examination method, the bank is evaluated by considering lending activity throughout its assessment area.

The lending test includes an analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment area;
- The geographic distribution of loans in the assessment area, including low- and moderate-income census tracts;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers, and to business of different sizes, including small businesses; and,
- The bank's record of taking action in response to written complaints about its performance in helping to meet the credit needs in its assessment area.

The lending products reviewed for this evaluation included motor vehicle loans, business loans, and consumer real estate loans (mortgage loans). Mortgage loans consisted of home purchase, home refinance, and home improvement loans.

During the evaluation period from January 1, 2007 through June 30, 2009, Twin Valley originated 221 motor vehicle loans, 101 business loans, and 58 mortgage loans. The dollar volume for business and real estate loans exceeded that for motor vehicle loans. However, it is expected that motor vehicle loan amounts would generally be less than those for business and mortgage loans. It is also expected that motor vehicle lending would penetrate wider sectors of the bank's assessment area and a broader range of borrowers from various income levels. Therefore, the bank's volume of lending was given the greater weight, although dollar volume is taken into consideration. As such, motor vehicle loans received the greatest weight by volume. Business loans received the next greatest weight by volume and mortgage loans received the least amount of weight based on volume.

The geographic distribution of loans among various-income census tracts within the bank's assessment area was evaluated using data from the 2000 U.S. Census report. Specifically, Twin Valley's geographic distribution, with respect to motor vehicle loans, was assessed by comparing the percentage of loans made within the assessment area's census tracts (low-, moderate-, middle-, and upper-income) to the total percentage of households by income within the bank's census tracts.

The geographic distribution of business loans was evaluated by comparing the percentage of business loans made within the assessment area's census tracts to the total percentage of businesses within those geographies. The geographic distribution of mortgage loans was assessed by comparing the percentage of loans made within the assessment area's census tracts to the percentage of owner-occupied housing units within the assessment area's census tracts.

The distribution of motor vehicle loans made to borrowers of different income levels was evaluated by comparing the percentage of motor vehicle loans made to households in each income category (low-, moderate-, middle-, and upper-income) to the percentage of households in each income category throughout the assessment area. Twin Valley's distribution of lending to businesses of different revenue sizes was also reviewed as part of this evaluation, with more consideration placed on the levels of lending to small businesses. Small businesses are defined as those with gross annual revenues of less than or equal to $1 million. As such, the distribution of lending to small businesses was evaluated by comparing the percentage of loans made to small businesses to the percentage of small businesses throughout the assessment area. An analysis of the loan amount sizes extended to businesses (regardless of the entities' revenue sizes) was also conducted to determine if the bank is meeting businesses' needs through providing smaller amount loans. The borrower income distribution for mortgage loans was assessed by comparing the percentage of loans made to borrowers in each income category to the percentage of families in each income category throughout the assessment area.

Approximately 5.43% of the families living in Twin Valley's assessment area are living below the poverty level. Although poverty level is determined by income and family size, a larger proportion of poverty-level families were located in the low-income census tracts and, to some extent, in the moderate-income census tracts. Poverty levels can impact low- and moderate-income families and it can be difficult for borrowers at the poverty level to qualify for loans, since their income is often limited. Poverty level is a factor in the performance context and was considered in the conclusions regarding the bank's performance.

DESCRIPTION OF INSTITUTION

Twin Valley is a full-service, independently owned retail community bank located in West Alexandria, Ohio. As of September 30, 2009, Twin Valley reported total assets valued at approximately $43.2 million, of which approximately 68.2% ($29.5 million) represented loans. As of that date, real estate loans comprised 77.96% of the institution’s loan portfolio, of which 46.12% were secured by other real estate-secured loans (such as non-farm/non-residential and multifamily properties); 47.72% were secured by 1-4 family residential real estate; and 6.17% were secured by construction, land development, and farmland real estate loans. The remainder of Twin Valley’s loan portfolio consisted of approximately 10.24% consumer loans, 8.76% commercial and industrial loans, and 2.79% agricultural loans. All other loans represented a small portion of the bank’s portfolio totaling 0.26%.

Since the previous examination, Twin Valley has neither opened nor closed any banking offices. Further, no Automated Teller Machines (ATMs) were added or closed during this period. To date, Twin Valley has two full-service banking locations, including the main office located in West Alexandria, Ohio and an office in Gratis, Ohio, both of which are located in the Dayton MSA. Neither bank location has an ATM; however, Twin Valley operates two stand-alone ATMs. Specifically, one stand-alone cash-only ATM is located in New Lebanon, Ohio and one stand-alone full-service ATM is located in West Alexandria, Ohio.

Twin Valley has one assessment area, which is comprised of the entirety of Preble County, a western portion of Montgomery County, and a northern portion of Butler County – all of which are located in Ohio. Butler County was added to Twin Valley’s assessment area since the previous evaluation. The portions of the bank’s assessment area that are located in Preble and Montgomery Counties are included in the Dayton, Ohio Metropolitan Statistical Area (MSA) 19380. The portions of Twin Valley’s assessment that are located in Butler County are included in the Cincinnati-Middletown, Ohio-Kentucky-Indiana MSA 17140.

There are no legal or financial constraints preventing Twin Valley from meeting the credit needs of its assessment area, which is consistent with its asset size, business strategy, and resources. However, this area has been significantly impacted by a deteriorating economy and job losses, which could impact some applicants’ ability to qualify for credit.

DESCRIPTION OF DAYTON, OH MSA 19380 AND CINCINNATI-MIDDLETOWN, OH-KY-IN MSA 17140

For purposes of CRA, Twin Valley has designated one region within the State of Ohio as its assessment area. As described above, this area contains the entirety of Preble County and portions of Montgomery and Butler Counties.

There are a total of 34 census tracts throughout Twin Valley's assessment area. Specifically, there are three low-income census tracts, two moderate-income census tracts, 26 middle-income census tracts, and three upper-income census tracts.

Population

The 2000 U.S. Census report indicated that the total population of Twin Valley's assessment area was 142,202. Specifically, individuals aged 25 to 64 represented 48.41% of the area's population. Individuals aged 17 and younger accounted for 23.48% of the population. Individuals aged 18 to 24 and 65 and over comprised 16.49% and 11.62%, respectively, of the assessment area's total population.

Income Characteristics

Based on data released by the United States Department of Housing and Urban Development (HUD) in 2009, the median family income for this assessment area was $51,345. However, in 2009, HUD estimated that the median family income for the Dayton MSA rose to $62,100 and the median family income for the Cincinnati-Middletown MSA rose to $69,200.

Housing

According to the 2000 U.S. Census report, there were 54,429 housing units in Twin Valley's assessment area. The majority (69.87%) of those units were owner-occupied, while 24.67% represented rental units. Vacant units accounted for 5.46% of all housing units. One-unit properties comprised the largest percentage (79.48%) of all housing units. Two-to-four unit properties represented 6.58% of all housing units. Multi-family units and mobile homes represented 9.54% and 3.97%, respectively, of all housing units. Other units accounted for 0.43% of all housing units in the area. This data further revealed that approximately 2.94% of the assessment area's housing units were located in low-income census tracts, 6.73% were located in moderate-income tracts, 82.30% were located in middle-income tracts, and 8.03% were located in upper-income tracts.

The 2000 U.S. Census report also indicated that the median housing value for this assessment area was $105,477 and the median gross rental expense was $527 per month. As previously discussed, approximately 5.43% of all families in Twin Valley's assessment area live below the poverty level. HUD classifies poverty-level families as those with incomes less than 30.00% of the median family income. In addition, data released by the U.S. Department of Health and Human Services indicates that in 2009, families with incomes ranging from $10,830 to $37,010 (depending on family size) were considered as poverty level.[1]

Demographic data for this area also indicates that the majority (30.59%) of owner-occupied housing units in this area are valued from $100,000 to $149,999, which aligns with the median home value for the area. This data also indicates that the majority (33.18%) of rental units in this area cost from $500 to $699 monthly, which also aligns with the area's gross median rental costs. In addition, approximately 38.19% of the area's rental units in the area cost less than $500. Therefore, this data indicates that there is an adequate level of affordable housing throughout this assessment area; however, the need for additional affordable housing could increase, given the economic deterioration and considerable job loss experienced by this area in recent years.

Economics

According to the Ohio Department of Development,[2] major employers in Preble County are Akey, Incorporated, the Eaton City Board of Education, Parker-Hannifin Corporation, and Procter & Gamble/Iams Company. In Montgomery County, the largest employers are the Dayton Power & Light Company, Reynolds & Reynolds Company Incorporated, Reed Elsevier/LexisNexis, and the University of Dayton. Butler County's major employers are AK Steel Holding Corporation, Liberty Mutual of Ohio Casualty Corporation, and Miami University.

Labor market information released by the State of Ohio Department of Job and Family Services[3] in September 2009 revealed that unemployment rates for the counties in Twin Valley's assessment area were as follows:

Butler	9.1%
Montgomery	11.0%
Preble	11.1%

With the exception of Butler County, the unemployment rates throughout this area exceeded the national unemployment rate of 9.5% and the State of Ohio's unemployment rate of 9.7%. The strained national economy has resulted in significant economic deterioration throughout Butler, Montgomery, and Preble Counties. Similar to many areas nationwide, various employment sectors in Preble and Butler Counties have experienced near-historical job losses.

1 www.aspe.hhs.gov/poverty
2 www.odod.state.oh.us
3 www.lmi.state.oh.us

Montgomery County was significantly impacted when General Motors Corporation closed multiple manufacturing plants nationwide and locally. Automotive supplier Delphi Corporation, which had a large presence in Montgomery County, also experienced plant closures and job losses in recent years. Another major employer, NCR Corporation, also cut jobs and has plans to relocate its headquarters to Georgia in 2010.

There is considerable banking competition throughout Twin Valley's assessment area, as there are 27 federally-insured (through the Federal Deposit Insurance Corporation) financial institutions operating 188 offices in this area.[4] Butler County was not included in this information, since the bank does not have an office or ATM in that county. Statistics as of June 30, 2009 indicate that Twin Valley ranked 18th with 0.41% of the market share of deposits in Preble and Montgomery Counties combined. Fifth Third Bank ranked first with 22.92% of the market share of deposits while operating 32 offices throughout these counties. National City Bank ranked second holding 20.07% of the market share of deposits while operating 31 offices. J.P. Morgan Chase Bank, N.A. ranked third with 18.43% of the market share of deposits and 25 offices throughout this area.

The following demographic table illustrates Twin Valley's entire assessment area.

4 www.fdic.gov

Combined Demographics Report

Exam: Twin Valley Bank

Assessment Area(s): MSA 17140 & 19380

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	3	8.8	1,100	3.0	348	31.6	6,524	17.7
Moderate-income	2	5.9	1,175	3.2	115	9.8	7,453	20.2
Middle-income	26	76.5	32,021	86.8	1,412	4.4	9,161	24.8
Upper-income	3	8.8	2,603	7.1	128	4.9	13,761	37.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**34**	**100.0**	**36,899**	**100.0**	**2,003**	**5.4**	**36,899**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	1,599	831	2.2	52.0	640	40.0	128	8.0
Moderate-income	3,665	1,225	3.2	33.4	2,254	61.5	186	5.1
Middle-income	44,796	33,200	87.3	74.1	9,072	20.3	2,524	5.6
Upper-income	4,369	2,773	7.3	63.5	1,462	33.5	134	3.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**54,429**	**38,029**	**100.0**	**69.9**	**13,428**	**24.7**	**2,972**	**5.5**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	104	2.6	98	2.6	3	1.5	3	2.6
Moderate-income	276	6.8	246	6.6	17	8.5	13	11.3
Middle-income	3,399	83.5	3,138	83.6	168	84.0	93	80.9
Upper-income	291	7.1	273	7.3	12	6.0	6	5.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**4,070**	**100.0**	**3,755**	**100.0**	**200**	**100.0**	**115**	**100.0**
	Percentage of Total Businesses:			**92.3**		**4.9**		**2.8**

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

A financial institution's loan-to-deposit (LTD) ratio compares the institution's outstanding aggregate loan balances to its total outstanding deposits. This ratio is a measure of an institution's lending volume relative to its capacity to lend. Further, this ratio is derived by dividing the institution's quarterly net loans by the quarterly total deposits.

Twin Valley's LTD ratio is reasonable given its size, financial condition, and the credit needs of its assessment area. The bank has averaged a LTD ratio of approximately 82.69% over the past 16 quarters and fluctuations have been modest. Further, Twin Valley's average LTD ratio has consistently exceeded its peers' average of approximately 70.98%.

The following table details Twin Valley's quarterly LTD ratios for the past 16 quarters, since the previous evaluation.

Loan-to-Deposit Ratios			
As of Date	**Net Loans (000s)**	**Total Deposits (000s)**	**Ratio**
September 30, 2009	$29,278	$34,729	84.30%
June 30, 2009	$28,541	$32,097	88.92%
March 31, 2009	$27,597	$31,222	88.39%
December 31, 2008	$27,786	$31,021	89.57%
September 30, 2008	$26,341	$29,651	88.84%
June 30, 2008	$25,823	$29,334	88.03%
March 31, 2008	$24,282	$29,751	81.62%
December 31, 2007	$23,967	$27,578	86.91%
September 30, 2007	$22,409	$26,740	83.80%
June 30, 2007	$21,037	$27,962	75.23%
March 31, 2007	$20,694	$25,904	79.89%
December 31, 2006	$20,677	$24,831	83.27%
September 30, 2006	$18,636	$23,264	80.11%
June 30, 2006	$17,890	$23,583	75.86%
March 31, 2006	$18,084	$24,009	75.32%
December 31, 2005	$18,165	$24,891	72.98%
Quarterly Loan-to-Deposit Ratio Average since the previous examination: 82.69%			

Lending in the Assessment Area

Twin Valley's motor vehicle loans, business loans, and mortgage loans were analyzed to determine the volume of lending inside and outside of the bank's assessment area. A majority of the bank's loans were made inside its assessment area.

The table below depicts Twin Valley's volume of loans extended inside and outside of its assessment area from January 1, 2007 through June 30, 2009:

Lending Inside and Outside the Assessment Area								
Loan Type	Inside the Assessment Area				Outside the Assessment Area			
	# of Loans	%	$ (000s)	%	# of Loans	%	$ (000s)	%
Commercial	101	78.9	7,984	78.6	27	21.1	2,174	21.4
Motor Vehicle	221	85.7	1,958	80.5	37	14.3	473	19.5
Real Estate	58	73.4	5,032	43.8	21	26.6	6,468	56.2
Total	**380**	**81.7**	**14,974**	**62.2**	**85**	**18.3**	**9,116**	**37.8**

Geographic Distribution of Lending

Based on demographic characteristics unique to this assessment area and performance details of all reviewed lending products (details listed below), Twin Valley's geographic distribution of lending reflected a reasonable dispersion of loans throughout its assessment area.

The geographic distribution of loans was analyzed, in order to determine the bank's lending patterns among census tracts within its assessment area. As previously noted, there are three low-income tracts, two moderate-income tracts, 26 middle-income tracts, and three upper-income tracts within the bank's assessment area. Low- and moderate-income census tracts comprise approximately 14.71% of Twin Valley's assessment area; however, these tracts are located in the far southern (Butler County) and eastern (Montgomery County) portions of its assessment area. Both areas are considerable distances from either of the bank's branches. It is recognized that borrowers would have a considerable travel distance to reach the bank's branches. Further, there are numerous financial institutions that offer a wide array of lending products in closer proximity to those areas. Therefore, Twin Valley's geographic distribution of lending received the least amount of weight in comparison to its borrower distribution of lending and although some of the numerical ratings are considered poor, these factors contributed to the bank's overall reasonable geographic distribution rating. Further review of lending throughout the assessment area supported these factors and confirmed that lending is consistently extended throughout the bank's geographies.

Motor Vehicle Loans

Twin Valley's geographic distribution of motor vehicle lending was poor. Specifically, the bank originated 221 motor vehicle loans totaling approximately $2.0 million during this evaluation period. None of the bank's motor vehicle loans were made in the area's low-income tracts. This was below the total of 3.04% of households in low-income census tracts. Twin Valley made 0.45% of its motor vehicle loans in moderate-income tracts. This was below the total of 6.76% of households in moderate-income tracts. Motor vehicle lending in middle-income tracts accounted for 98.19% of the bank's lending in this product line. This level of lending exceeded the total of 81.97% of households in middle-income tracts. Lending in upper-income tracts represented 1.36% of motor vehicle lending, which was below the total of 8.23% of households in upper-income tracts.

Business Loans

Twin Valley's geographic distribution of business lending was adequate. Specifically, the bank originated 101 business loans totaling approximately $8.0 million during this evaluation period. Approximately 2.56% of this area's businesses are located in low-income census tracts and the bank originated approximately 5.94% of its business loans in low-income tracts. Approximately 6.78% of this area's businesses are located in moderate-income census tracts. Twin Valley made no business loans in these moderate-income tracts. The bank made approximately 94.06% of its business loans in middle-income tracts, which exceeded the total of 83.51% of businesses that are located in the middle-income geographies. Twin Valley made no loans in the upper-income tracts, which was below the total of 7.15% of businesses that are located in the area's upper-income geographies.

Mortgage Loans

Twin Valley's geographic distribution of mortgage lending was poor. Specifically, the bank originated 58 mortgage loans totaling approximately $5.0 million during this evaluation period. None of the bank's mortgage loans were made in the area's low-income census tracts, which was below the total of 51.97% of owner-occupied housing units in low-income tracts. The bank made approximately 15.52% of its mortgage loans in moderate-income tracts, which was below the total of 33.42% of owner-occupied housing units in moderate-income tracts. The bank made approximately 81.03% of its mortgage loans in middle-income tracts, which exceeded the total of 74.11% of owner-occupied housing units in middle-income areas. Twin Valley made approximately 3.45% of its mortgage loans in upper-income tracts, which was below the total of 63.47% of owner-occupied housing units in upper-income areas.

Borrower Distribution of Lending

Due to demographic characteristics unique to this assessment area, Twin Valley's lending patterns regarding the dispersion of credit among borrowers of different income levels and to businesses of different revenue sizes received the most weight in relation to its performance context. Based on an analysis of this information for all product lines reviewed and considering that 5.43% of the families within the assessment area are living below the poverty level, Twin Valley had a reasonable penetration of lending to borrowers of different income levels (including low- and moderate-income borrowers) and businesses of different revenue sizes (including small businesses).

Motor Vehicle Loans

Twin Valley's borrower distribution of motor vehicle lending was excellent. Of the 221 motor vehicle loans originated during this evaluation period, approximately 21.27% were made to low-income households, which aligned with the total of 21.66% of low-income households in the assessment area. Loans to moderate-income households represented approximately 28.96% of the bank's lending in this product line. This level of lending significantly exceeded the total of 16.87% of moderate-income households.

Twin Valley made approximately 27.60% of its motor vehicle loans to middle-income households, which exceeded the total of 20.08% of middle-income households in the area. The bank originated approximately 15.38% of its motor vehicle loans to upper-income households, which was below the total of 41.39% of upper-income households in the assessment area. Lastly, approximately 6.79% of the bank's motor vehicle loans were made to households in which the income categories were unknown.

Business Loans

Twin Valley's borrower distribution of business lending was good. Of the 101 business loans that Twin Valley originated during this evaluation period, approximately 83.17% of those loans were made to small businesses (those with gross annual revenues less than or equal to $1 million), which is below the total of 92.26% of small businesses in this assessment area.

Further analysis of Twin Valley's business lending reveals that a substantial majority of the bank's business loans (approximately 85.15%) were for loan amounts of $100,000 or less, regardless of the entities' revenue sizes. Smaller-size loans are generally commensurate with the borrowing needs of smaller businesses. This data further supports Twin Valley's level of lending to smaller businesses and demonstrates that the bank is adequately meeting the credit needs of local businesses.

Mortgage Loans

Twin Valley's borrower distribution of mortgage lending was adequate. Of the 58 total mortgage loans originated during this evaluation period, approximately 15.52% of those loans were made to low-income families, which was below the total of 17.68% low-income families in the assessment area. The bank made approximately 15.52% of its mortgage loans to moderate-income families, which was below the total of 20.20% of moderate-income families in the assessment area. Mortgage loans to middle-income families represented approximately 18.97% of the bank's mortgage lending volume. This was below the total of 24.83% of middle-income families in the assessment area. Twin Valley made approximately 39.66% of its mortgage loans to upper-income families, which exceeded the total of 37.29% of upper-income families in the assessment area. Lastly, approximately 10.34% of the bank's mortgage loans were made to families in which the income categories were unknown.

Community Contacts

Two community contacts were conducted in conjunction with this examination. The first contact was with an organization that focuses on affordable housing. This contact stated that loan disclosures provided by banks should be clearer, so that consumers fully understand the terms of their loans (specifically related to loan servicing agreements). This contact also stated that banks should scrutinize customer affordability ratios more closely to ensure that customers can afford all costs associated with homeownership (such as utility payments and routine maintenance), as this has been an issue for some individuals in this area.

The second interview was conducted with a local organization whose focus is to provide community services to low- and moderate-income individuals. This contact stated that banks should offer loans with lower loan amounts (similar to those that could be obtained from check cashing facilities). This contact further acknowledged that if offered, banks may have to charge higher fees and interest rates to accommodate the associated risks, yet still believes that these products would benefit low- and moderate-income individuals in this area.

Both contacts stated that there is a need for banks to provide financial literacy training throughout the community, but especially to low- and moderate-income individuals.

Response to Consumer Complaints

No CRA-related complaints were filed against Twin Valley, during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices, inconsistent with helping meet the credit needs of the community, was noted during this evaluation.

APPENDIX A

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision 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. Census tracts 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: All Agencies have adopted the following language. Affordable housing (including multifamily rental 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) 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: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

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-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States 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 (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes 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.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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.

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 reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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.

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.

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

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include 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.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): 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 $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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 B

ASSESSMENT AREA MAP

Twin Valley Bank

Assessment Area: MSA 17140 & 19380