

PUBLIC DISCLOSURE

February 10, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Twin Valley Bank
RSSD # 381026
2 East Dayton Street
West Alexandria, Ohio 45381

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: This institution is rated Satisfactory.

The major factors and criteria 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 areas;
- Distributions of loans to borrowers reflect a reasonable penetration among individuals of different income levels (including low- and moderate-income),
- Distributions of loans to businesses reflect a reasonable penetration among businesses of different sizes given the demographics of the assessment areas; and,
- There were no CRA-related complaints filed against the bank since the previous CRA.

The bank was evaluated as a small bank and was rated "Satisfactory" at the previous CRA evaluation dated November 16, 2009.

SCOPE OF EXAMINATION

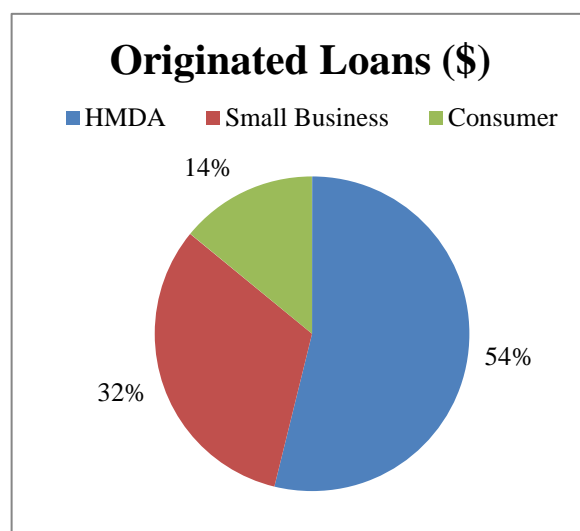
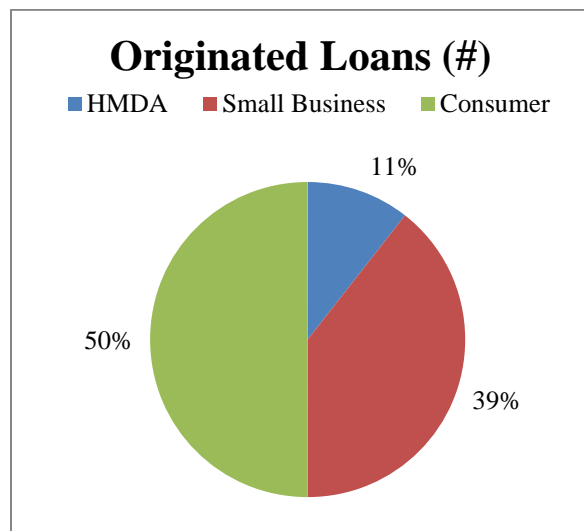
The Community Reinvestment Act (CRA) performance for The Twin Valley Bank (Twin Valley) was evaluated using the interagency small bank examination procedures under Regulation BB.

Twin Valley’s CRA performance was evaluated based on lending data for the period January 1, 2012 through September 30, 2013. The loan products evaluated included small business loans, loans reported under the Home Mortgage Disclosure Act (HMDA), and consumer loans. Small business loans are comprised of loans secured and not secured by real estate. HMDA loans are comprised of home purchase, refinance, and home improvement loans, which were combined for this review due to limited volume. Consumer loans are comprised of home equity lines of credit (HELOC) and other secured and unsecured consumer loans that were combined for this review. In addition, the bank’s lending performance was compared to the 2012 aggregate performance of all lenders required to report HMDA and CRA data within the assessment area.

Twin Valley’s assessment area for CRA purposes is comprised of one assessment area that received a full-scope review. One community contact interview was conducted to provide perspective on the credit needs of the assessment area in which the bank operates.

The following table and charts illustrate the volume and distribution of loans originated within Twin Valley’s assessment area during the evaluation period:

Loan Type	Number of Loans	Dollar Amount of Loans (000s)
HMDA	29	3,682
Small Business	108	2,193
Consumer	137	962
Total	274	6,837



Based on the volume of loan originations and the bank's lending focus, small business lending received greater weight, followed by HMDA lending and consumer lending. Twin Valley's geographic distribution of lending was given less weight than the borrower distribution of lending due to the limited number of low- and moderate-income census tracts within the bank's delineated CRA footprint.

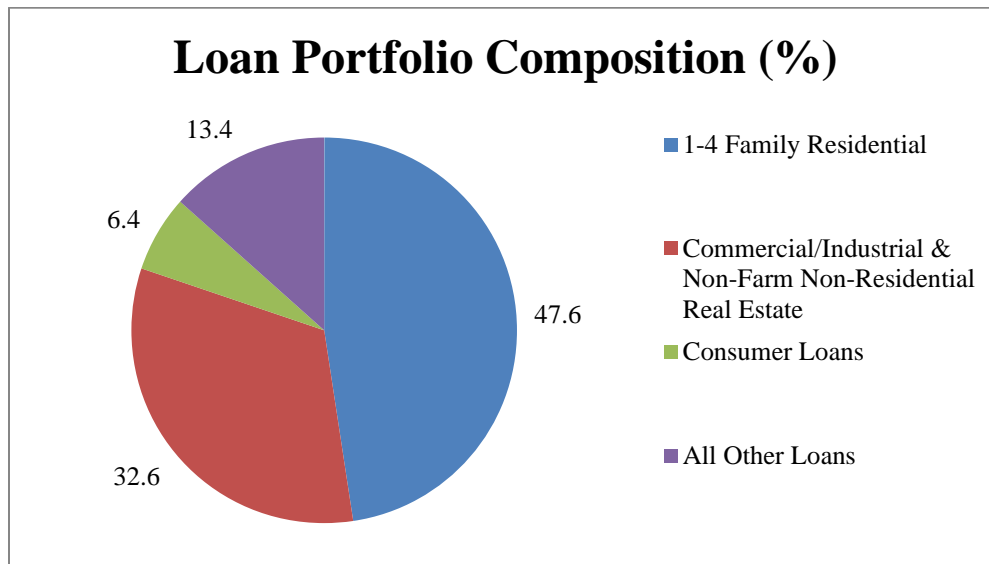
DESCRIPTION OF INSTITUTION

Twin Valley is an independently owned community bank located in West Alexandria, Ohio. According to the December 31, 2013 Uniform Bank Performance Report (UBPR), Twin Valley had total assets of \$47.8 million, a 10.6% increase in total assets since the previous evaluation.

Twin Valley has one main office and one branch office. Both offices are in Preble County, with the main office located in the city of West Alexandria and the branch in Gratis, Ohio, approximately seven miles away. The main office has a full-service ATM. Twin Valley also has a cash-only ATM located in the city of New Lebanon in Montgomery County. Since the previous evaluation, Twin Valley has not opened or closed any branch offices or ATMs. In 2011, the bank’s full-service ATM was relocated from down the street to its current location in the bank’s main office parking lot.

Twin Valley is a full-service retail bank offering business and consumer deposit accounts and commercial, residential mortgage, and consumer loans. The following charts display the bank’s loan portfolio composition as of September 30, 2013:

Loan Type	Percent of Total Loans
1-4 Family Residential	47.6
Commercial/Industrial & Non-Farm Non-Residential Real Estate	32.6
Consumer Loans	6.4
All Other Loans	13.4
Total (gross)	100.0



Twin Valley's investment portfolio as of December 31, 2013 was \$13.4 million, which represents 28.0% of total assets. Municipal securities account for 63.8% of investments, with the remainder consisting of interest-bearing bank balances, federal funds sold and resales, and U.S. Treasuries and Agencies.

There are no legal or financial constraints preventing Twin Valley from meeting the credit needs of its assessment area in a manner consistent with its asset size, business strategy, resources, and local economy.

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

Twin Valley has one assessment area, which is comprised of the entirety of Preble County, the western portion of Montgomery County, and the northern portion of Butler County, all of which are located in Ohio. The portion of the bank's assessment area in Preble and Montgomery Counties is included in the Dayton, Ohio Metropolitan Statistical Area (MSA) 19380. The portion of the assessment area in Butler County is included in the Cincinnati-Middletown, Ohio-Kentucky-Indiana MSA 17140. The bank's entire assessment area consists of a total of 35 census tracts comprised of one low-income census tract (2.8%), five moderate-income census tracts (14.3%), 24 middle-income census tracts (68.6%), three upper-income census tracts (8.6%), and two census tracts in Butler County that are unknown. All of Twin Valley's offices and ATMs are located in middle-income census tracts and are within a 13-mile radius of each other.

Preble County is a heavily agricultural area located in southwestern Ohio approximately 15 miles west of Dayton, Ohio. Eaton is the largest city and county seat. The county had a population of 42,270, according to the 2010 U.S. Census. For this evaluation period, Preble County is included in the Dayton MSA, as noted above. However, as of January 1, 2014, the county has been removed from the MSA. Of the 12 census tracts in this county, one is moderate-income, ten are middle-income, and one is upper-income.

Montgomery County is located in the southwestern quadrant of Ohio and is a mixture of urban and rural areas. Dayton is the largest city and county seat. The county had a population of 535,153, according to the 2010 U.S. Census. In the portion of the county Twin Valley included in its assessment area (13 census tracts), one is low-income, one is moderate-income, nine are middle-income, and two are upper-income.

Butler County is located immediately south of Preble and Montgomery Counties and is more than 50.0% cropland. Hamilton is the largest city and county seat. The county had a population of 368,130 according to the 2010 U.S. Census. In the portion of Butler County Twin Valley has included in its assessment area (ten census tracts), three are moderate-income, five are middle-income, and two are unknown.

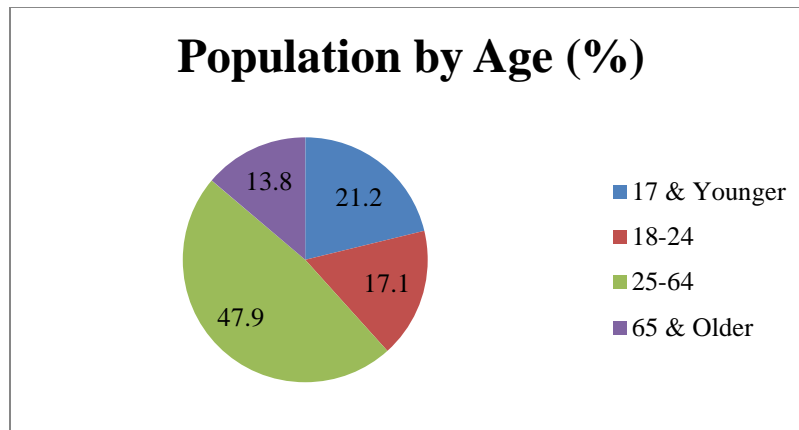
According to the June 30, 2013 FDIC Deposit Market Share Report, Twin Valley ranked 18th out of 33 institutions in the market with a deposit share of 0.33% in Preble, Montgomery, and Butler Counties. Twin Valley has two offices out of 274 operating in the market area. The top two institutions in this market are Fifth Third Bank, with 25.30% of the market and JP Morgan Chase Bank NA with 14.75% of the market. Rounding out the top five institutions in this market are PNC Bank NA, First Financial Bank NA, and Key Bank NA with 13.15%, 12.19%, and 9.33% of market share, respectively.¹

¹ FDIC Summary of Deposits, www.fdic.gov

One community contact interview was conducted to provide additional information regarding credit needs of the local community. The community contact is involved with community planning and development, with a focus on neighborhood stabilization and affordable housing programs. The contact stated that economic conditions are slowly improving. The area has suffered significant job loss in the past few years, especially those tied to manufacturing (specifically, tool and die and automotive). Those types of jobs have moved and/or become high tech (more machines, less people). The contact stated that there are a handful of local credit unions that have worked with their organization, but there is still much opportunity for financial institutions to be involved in community and economic development. There hasn't been much involvement from large banks. There are projects that have gaps in financial support and it would be helpful to have support from the private sector, especially as relates to affordable housing.

Population Characteristics

According to the 2010 U.S. Census, the total population in the assessment area is 136,601. Approximately, 1.2% of the assessment area's population resides in low-income tracts and 13.0% in moderate-income tracts, while 73.7% reside in middle-income tracts and 6.8% reside in upper-income tracts (5.3% is unknown). As shown in the chart below, 78.8% of the population is 18 years of age or older, which is the legal age to enter into a contract, while 65.0% of the population is between the ages of 18 and 64 and more likely to have credit needs.



The table below shows the actual and projected population changes over the 2010 U.S. Census figure by county in this assessment area:²

County	2010 Population	2012 Population	Population Percent Change
Preble	42,270	41,886	-0.9%
Montgomery	535,153	534,325	-0.2%
Butler	368,130	370,589	0.7%
Total	945,553	946,800	

² U.S. Census Bureau, American Fact Finder, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2012

Income Characteristics

According to 2010 U.S. Census data, the median family income in this assessment area was \$60,597, compared to Ohio’s median family income of \$59,680 and the Dayton and Cincinnati-Middletown MSAs’ median family incomes of \$59,770 and \$67,515, respectively. As depicted in the chart below, the median family income in each MSA increased in 2012 and subsequently declined in 2013.

**Borrower Income Levels
Dayton, OH - MSA**

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2012	\$63,300	0 - \$31,649	\$31,650 - \$50,639	\$50,640 - \$75,959	\$75,960 - & above
2013	\$57,800	0 - \$28,899	\$28,900 - \$46,239	\$46,240 - \$69,359	\$69,360 - & above

**Borrower Income Levels
Cincinnati-Middletown, OH-KY-IN - MSA**

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2012	\$71,300	0 - \$35,649	\$35,650 - \$57,039	\$57,040 - \$85,559	\$85,560 - & above
2013	\$68,700	0 - \$34,349	\$34,350 - \$54,959	\$54,960 - \$82,439	\$82,440 - & above

The assessment area contains 50,089 households, of which 34,641 (69.2%) are designated as families. Low- and moderate-income families represent 18.3% and 19.2% of all families in this assessment area, respectively, with 6.9% of families below the poverty level, compared to Ohio’s rate at 10.3%.

Based on 2011 data from the Economic Research Service of the United States Department of Agriculture (USDA), household poverty rates for the counties in the assessment area were as follows:³

County	2000 Poverty Rate	2011 Poverty Rate	Change
Preble	6.10%	11.60%	90.16%
Montgomery	11.30%	18.30%	61.95%
Butler	8.70%	13.90%	59.77%
Ohio	10.60%	16.30%	53.77%
United States⁴	12.20%	15.90%	30.33%

³ U.S. Department of Agriculture, www.ers.usda.gov/data/povertyrates

⁴ Census.gov, Poverty: 2000 to 2012, American Community Survey Briefs

Reflecting the lingering effects of the recent economic crisis, poverty rates have increased significantly in the assessment area. Poverty levels in all three counties increased at a higher rate than both the state and country. The poverty level in Preble County, where the bank has both its branches, has almost doubled since 2000.

Labor, Employment, and Economic Characteristics

The following table illustrates the percentage of land use in each county in the assessment area:⁵

County	Urban	Cropland	Pasture	Forest	Open Water	Bare Mines	Wetlands
Preble	5.65%	67.36%	7.82%	17.45%	0.59%	0.00%	1.13%
Montgomery	43.47%	32.56%	3.97%	18.30%	1.10%	0.25%	0.36%
Butler	12.77%	51.45%	11.30%	23.24%	0.88%	0.36%	0.00%

Only 5.65% of land in Preble County and 12.77% in Butler County is considered urban, which is to say it is residential, commercial, industrial, transportation, or urban grasses. The remaining amount of land that does not contain housing, businesses, and schools may impact Twin Valley’s ability to originate all types of loans in this assessment area. While 43.47% of Montgomery County is considered urban, this would be primarily the area of Dayton, Ohio, where Twin Valley does not have a presence and is not included in the bank’s market area.

According to the Ohio Office of Policy, Research, and Strategic Planning, the state’s largest industries by average employment are trade, transportation, and utilities; education and health services; local government; professional and technical services; and manufacturing. Primary employment sectors and major employers in the bank’s assessment area include:⁶

County	Primary Employment Sectors	Major Employers
Preble	Manufacturing, Government, Trade	Cargill/Provimi North America, Eaton City Schools, Henny Penny Corp, International Paper Co, Lewisburg Container Co, Nihon Plast/Neaton Auto Parts, Parker-Hannifin Corp, Procter & Gamble/Iams Co, Wal-Mart Stores Inc
Montgomery	Services, Manufacturing, Financial, Government, Utility	AES Corp/Dayton Power & Light, Behr Dayton Thermal Products LLC, Dayton City Schools, DMAX Ltd, GE Capital, Green Tokai Co, Kettering Health Network, PNC Financial Services Group, Premier Health Partners Inc, Reed Elsevier/LexisNexis, Reynolds & Reynolds Co Inc, University of Dayton, US Federal Government
Butler	Government, Manufacturing, Services, Insurance, Trade	AK Steel Holding Corp, Butler County Government, Cincinnati Financial Corp, Cornerstone Brands Inc, Fairfield City Schools, Ft Hamilton Memorial Hospital, GE Aviation, Hamilton City Schools, Lakota Local Schools, Liberty Mutual/Ohio Casualty Corp, Mercy Regional Hospital, Miami University, Middletown Regional Health System, Miller Coors, Pierre Foods

⁵ Ohio Development Services Agency, www.development.ohio.gov/reports/reports_countytrends

⁶ Ohio Development Services Agency, www.development.ohio.gov/reports/reports_countytrends

The following chart shows the 2012 and 2013 average annual unemployment rate for the counties in the assessment area and reflects a positive trend over the two-year period.

Unemployment Rates

Assessment Area: Twin Valley Bank, West Alexandria, OH

Area	Years - Annualized	
	2012	2013
Montgomery Co.	7.8 (E)	7.6 (P)
Preble Co.	7.6 (E)	7.1 (P)
Dayton, OH MSA	7.6 (E)	7.3 (P)
Butler Co.	7.1 (E)	6.6 (P)
Cincinnati-Middletown, OH-KY-IN MSA	7.1 (E)	6.7 (P)
Ohio	7.2 (D)	7.0 (P*)

Not Seasonally Adjusted

D : Reflects revised population controls and model reestimation.

E : Reflects revised inputs, reestimation, and controlling to new statewide totals.

P: Preliminary, August 2013

P*: Preliminary, October 2013

Housing Characteristics

There were 55,513 housing units in this assessment area, based on the 2010 U.S. Census. Within this assessment area, 67.4% of the units were owner-occupied, 22.8% were rental units, and 9.8% were vacant. From an income perspective, 0.9% of owner-occupied housing units are located in low-income census tracts and 8.6% are in moderate-income tracts, suggesting limited opportunity for mortgage credit in low- and moderate-income geographies.

The median age of housing stock was 44 years as of the 2010 U.S. Census, with 25.6% of housing built prior to 1950. Older homes such as these are typically more likely to require repairs and rehabilitation. The median housing value in the assessment area was \$133,606, with an affordability ratio of 36.8%.⁷ The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered. Only 29.2% of the homes in this assessment area were valued below \$100,000. Further, based on the 2013 median family income for Dayton MSA (\$57,800), approximately 48.6% of the homes valued up to \$105,935 in the assessment area would be considered affordable for low-income individuals and 80.1% of the homes valued up to \$169,496 would be considered affordable for moderate-income individuals.

⁷ A ratio of 100% indicates that median family income is just sufficient to purchase the median-priced home. When the ratio falls below 100, the typical household has less income than necessary to purchase the typical house.

In the Cincinnati-Middleton MSA (2013 median family income of \$68,700), approximately 60.7% of the homes valued up to \$125,912 in the assessment area would be considered affordable for low-income individuals and 88.0% of the homes valued up to \$201,460 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.0% fixed-rate, 30-year loan.

According to Sperling’s Best Places, the 2012 median home cost in Preble County was \$90,900, a depreciation of 1.1% over the prior year. In Montgomery County, median home cost declined 1.2% to \$78,500 in 2012. Home prices in Butler County appreciated 0.7% to \$123,000.⁸

The following chart depicts recent foreclosure activity in the counties in Twin Valley’s assessment area for December 2013. Additionally, the cities of Gratis and West Alexandria (where the bank has its branches) ranked top in Preble County for foreclosures with ratios of 1:335 and 1:1,225 respectively. The city of New Lebanon (where the bank has its remote ATM) ranked first in Montgomery County with a ratio of 1:690.⁹

Geography Name	Foreclosed Properties in December 2013 (Approximate)	Ratio of Properties Receiving Foreclosure Filings in December 2013
Preble County	8	1 in 1,402
Montgomery County	175	1 in 1,528
Butler County	125	1 in 1,147
State of Ohio	4,500	1 in 1,091
United States	1,221,737	1 in 1,136

According to RealtyTrac information, foreclosures in all of these areas are trending downward. Furthermore, the ratio of foreclosed properties in the counties in Twin Valley’s assessment area is more favorable than that of the state and nation.

From a rental perspective, the median gross rent in the assessment area was \$690, with only 7.4% of the rental units having rents of less than \$350 a month, according to the 2010 U.S. Census. The majority of rents (45.7%) in this assessment area were greater than \$700 per month and 30.9% of rents were \$500-\$699. Overall, only 22.8% of housing units in this assessment area are rental units. Additionally, more than half (50.1%) of renters have rent costs greater than 30.0% of their income.

The following table illustrates the demographics in Twin Valley’s assessment area:

⁸ Sperling’s Best Places, www.bestplaces.net

⁹ RealtyTrac, www.realtytrac.com

Combined Demographics Report

Assessment Area(s): Twin Valley AA 2012

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	1	2.9	341	1	109	32	6,328	18.3
Moderate-income	5	14.3	3,314	9.6	383	11.6	6,642	19.2
Middle-income	24	68.6	28,418	82	1,775	6.2	8,396	24.2
Upper-income	3	8.6	2,558	7.4	106	4.1	13,275	38.3
Unknown-income	2	5.7	10	0	0	0	0	0
Total Assessment Area	35	100.0	34,641	100.0	2,373	6.9	34,641	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	662	353	0.9	53.3	207	31.3	102	15.4
Moderate-income	7,446	3,211	8.6	43.1	3,313	44.5	922	12.4
Middle-income	43,690	30,839	82.4	70.6	8,774	20.1	4,077	9.3
Upper-income	3,642	3,021	8.1	82.9	342	9.4	279	7.7
Unknown-income	73	9	0	12.3	20	27.4	44	60.3
Total Assessment Area	55,513	37,433	100.0	67.4	12,656	22.8	5,424	9.8
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	50	0.8	48	0.8	2	0.8	0	0
Moderate-income	788	12.9	699	12.3	47	19.3	42	20.9
Middle-income	4,767	78	4,448	78.5	176	72.1	143	71.1
Upper-income	488	8	455	8	17	7	16	8
Unknown-income	16	0.3	14	0.2	2	0.8	0	0
Total Assessment Area	6,109	100.0	5,664	100.0	244	100.0	201	100.0
Percentage of Total Businesses:			92.7		4.0		3.3	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	16	2	16	2	0	0	0	0
Middle-income	686	87.3	681	87.2	5	100	0	0
Upper-income	84	10.7	84	10.8	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	786	100.0	781	100.0	5	100.0	0	.0
Percentage of Total Farms:			99.4		.6		.0	

Based on 2012 D&B information according to 2010 ACS Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

Twin Valley’s overall performance under the lending test is considered satisfactory. The loan-to-deposit ratio is reasonable and a majority of loans were made inside the assessment area. Both geographic and borrower distribution of lending are considered reasonable. Details of the bank’s small business, HMDA, and consumer lending can be found in the tables in Appendix B.

Loan-to-Deposit Ratio

A financial institution’s loan-to-deposit ratio (LTD) compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing by the total number of quarters. The table below illustrates Twin Valley’s quarterly LTD ratios as compared to both the bank’s aggregate peer group (peer ratio)¹⁰ and three local peer banks from the Deposit Market Share Report (custom peer).

Twin Valley’s average LTD ratio was 78.39% over the past sixteen quarters, which notably exceeds the aggregate of all lenders average ratio of 64.34%. The LTD ratio has seen slight fluctuations throughout the evaluation period with an overall declining trend since the previous examination. Bank management attributes positive fluctuations in the past several years to increases in commercial real estate lending.

Additionally, Twin Valley’s LTD ratio was compared to the following local peer banks: First National Bank of Germantown, Brookville Building and Savings, and American Savings Bank. Each of the local peer banks had less than 0.40% of the market share. While Twin Valley’s average LTD ratio is below American Savings’ and Brookville’s, it exceeds First National Bank of Germantown’s and is in line with the overall custom peer average.

Considering the bank’s lending-related activity, size, financial condition, and assessment area credit needs, Twin Valley’s LTD ratio is considered reasonable.

Twin Valley Bank Loan-to-Deposit Ratios						
As of Date	Twin Valley Bank	Peer Ratio	First Nat'l Bank of Germantown Ratio	Brookville Bldg and Savings Assn Ratio	American Savings Bk Ratio	Custom Peer
September 30, 2013	74.65	61.98	70.96	77.62	90.60	79.73
June 30, 2013	77.31	61.62	67.94	76.27	91.64	78.62
March 31, 2013	75.39	59.59	65.60	75.66	94.71	78.66
December 31, 2012	75.72	61.85	64.26	79.65	93.21	79.04
September 30, 2012	72.86	62.43	69.29	83.40	97.18	83.29

¹⁰ Twin Valley Bank’s peer group consists of insured commercial banks having assets less than \$50 million in the market with two or more full service banking offices and located in a metropolitan statistical area.

As of Date	Twin Valley Bank	Peer Ratio	First Nat'l Bank of Germantown Ratio	Brookville Bldg and Savings Assn Ratio	American Savings Bk Ratio	Custom Peer
June 30, 2012	74.25	62.16	69.91	86.45	92.51	82.96
March 31, 2012	76.35	61.78	69.44	93.05	91.58	84.69
December 31, 2011	77.75	70.12	69.93	0.00	0.00	69.93
September 30, 2011	77.16	64.52	72.08	0.00	0.00	72.08
June 30, 2011	82.58	63.21	72.34	0.00	0.00	72.34
March 31, 2011	81.70	62.51	74.61	0.00	0.00	74.61
December 31, 2010	81.57	65.50	69.69	0.00	0.00	69.69
September 30, 2010	78.90	67.04	84.02	0.00	0.00	84.02
June 30, 2010	82.85	68.31	83.84	0.00	0.00	83.84
March 31, 2010	81.71	68.18	80.47	0.00	0.00	80.47
December 31, 2009	83.53	68.59	87.03	0.00	0.00	87.03
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	78.39	64.34	73.21	81.73	93.06	78.81

Lending in the Assessment Area

The bank's small business, mortgage, and consumer lending was analyzed to determine the volume of lending inside and outside the bank's assessment area. Of the bank's total loans, 85.1% by unit volume and 83.2% by dollar amount were made inside the assessment area. The following table shows the distribution of loans made inside and outside the bank's assessment area.

Lending Inside and Outside the Assessment

Exam: Twin Valley Bank, West Alexandria OH

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
XX - Consumer Loans	137	86.2	962	78.8	22	13.8	259	21.2	159	100.0	1,221	100.0
Total Consumer related	137	86.2	962	78.8	22	13.8	259	21.2	159	100.0	1,221	100.0
CV - Home Purchase - Conventional	14	63.6	2,676	83.7	8	36.4	520	16.3	22	100.0	3,196	100.0
HI - Home Improvement	1	100.0	148	100.0	0	0.0	0	0.0	1	100.0	148	100.0
RF - Refinancing	14	82.4	858	77.5	3	17.6	249	22.5	17	100.0	1,107	100.0
Total HMDA related	29	72.5	3,682	82.7	11	27.5	769	17.3	40	100.0	4,451	100.0
SB - Small Business	108	87.8	2,193	86.1	15	12.2	355	13.9	123	100.0	2,549	100.0
Total Small Bus. related	108	87.8	2,193	86.0	15	12.2	355	13.9	123	100.0	2,549	100.0
TOTAL LOANS	274	85.1	6,837	83.2	48	14.9	1,384	16.8	322	100.0	8,221	100.0

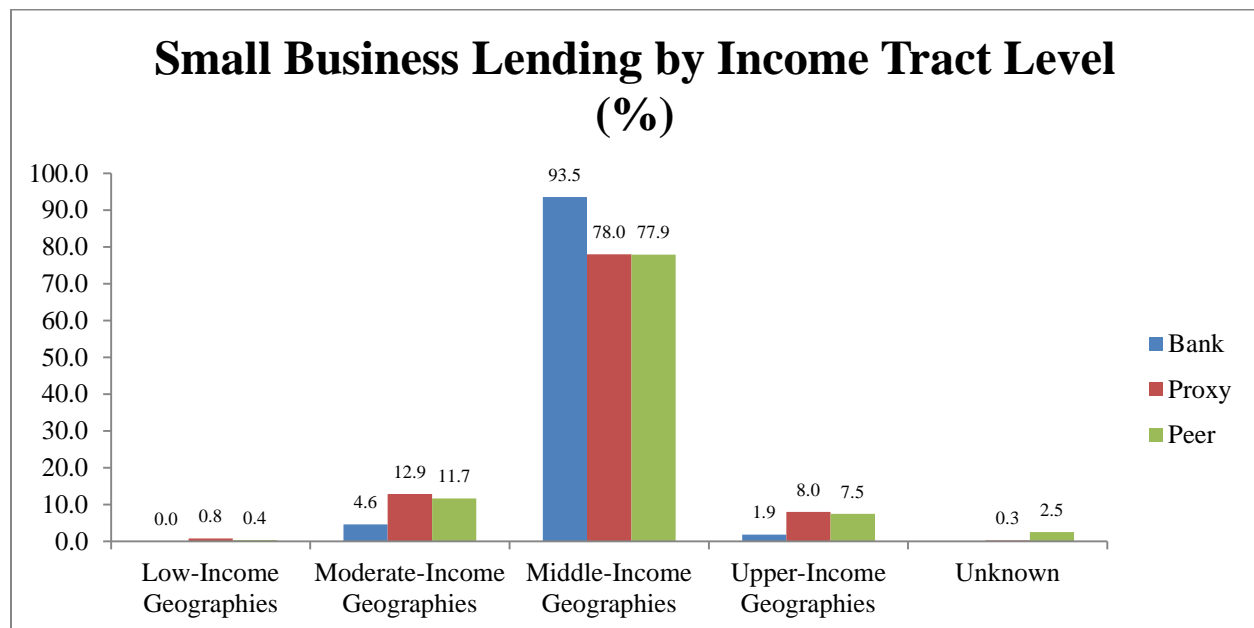
A majority of the bank's loans by both volume and dollar amount were made inside its assessment area.

Geographic Distribution of Lending

Twin Valley made loans in 16 of the 35 census tracts (45.7%) in its assessment area. No loans were made in the one low-income census tract; loans were made in two of the five (40.0%) moderate-income tracts. Gaps in the low- and moderate-income tracts are not considered significant given the bank’s distance from these tracts and the level of competition throughout the assessment area. Twin Valley does not have any branches in low- or moderate-income census tracts and all of its operations are located in middle-income geographies. Further, all but one of the moderate-income census tracts is on the fringes of the assessment area and the one low-income census tract is on the very edge contiguous to the city of Dayton. Based on the limited number and distance of the branch offices, in addition to the high level of competition in this area, it appears that Twin Valley has limited lending opportunities across any product categories. Consequently, geographic distribution received lessor weight than borrower distribution and is considered reasonable.

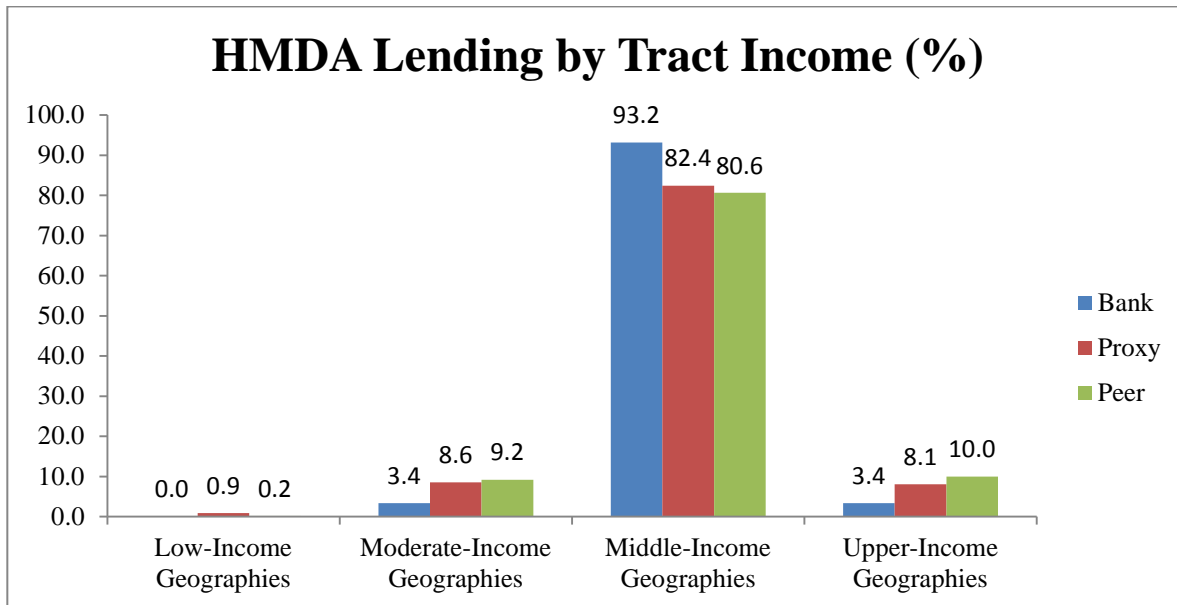
Small Business Lending

During the evaluation period, Twin Valley made 108 small business loans in this assessment area. As depicted in the following chart, the bank’s performance was below that of both proxy and peer in low- and moderate-income census tracts. The majority of the bank’s small business lending was in middle-income census tracts and it exceeded proxy and peer in those geographies. As middle-income census tracts make up 68.6 of the bank’s assessment area, the geographic distribution of small business lending is considered adequate.



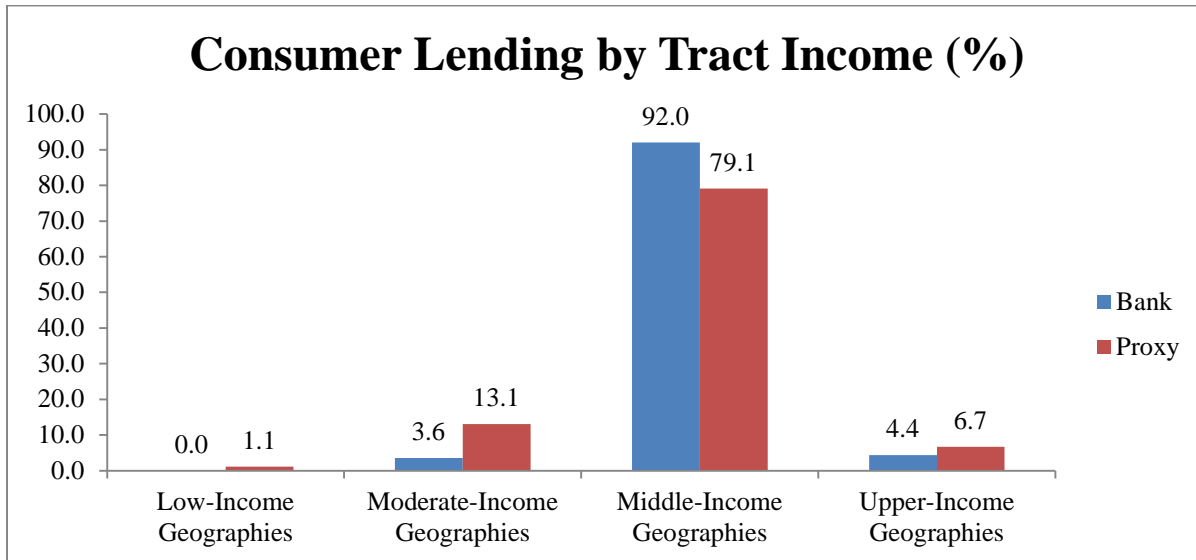
HMDA Lending

During the evaluation period, Twin Valley made 29 HMDA loans in the assessment area. While no loans were originated in the low-income tract, the bank made a large loan in a moderate-income tract. The bank’s lending results are below proxy and peer performance across all tract types, except middle-income, as depicted in the chart below. Only 0.9% and 8.6% of owner-occupied housing units in the assessment area are in low- or moderate-income census tracts, respectively. This, coupled with the high poverty levels in these types of tracts, HMDA lending is considered adequate.



Consumer Lending

During the evaluation period, Twin Valley made 137 consumer loans within its assessment area. As shown in the following chart, Twin Valley made no consumer loans in the one low-income tract and was below proxy in moderate- and upper-income tracts. The bank exceeded the proxy in middle-income tracts. For reasons previously described, Twin Valley’s geographic distribution of consumer loans is considered adequate.

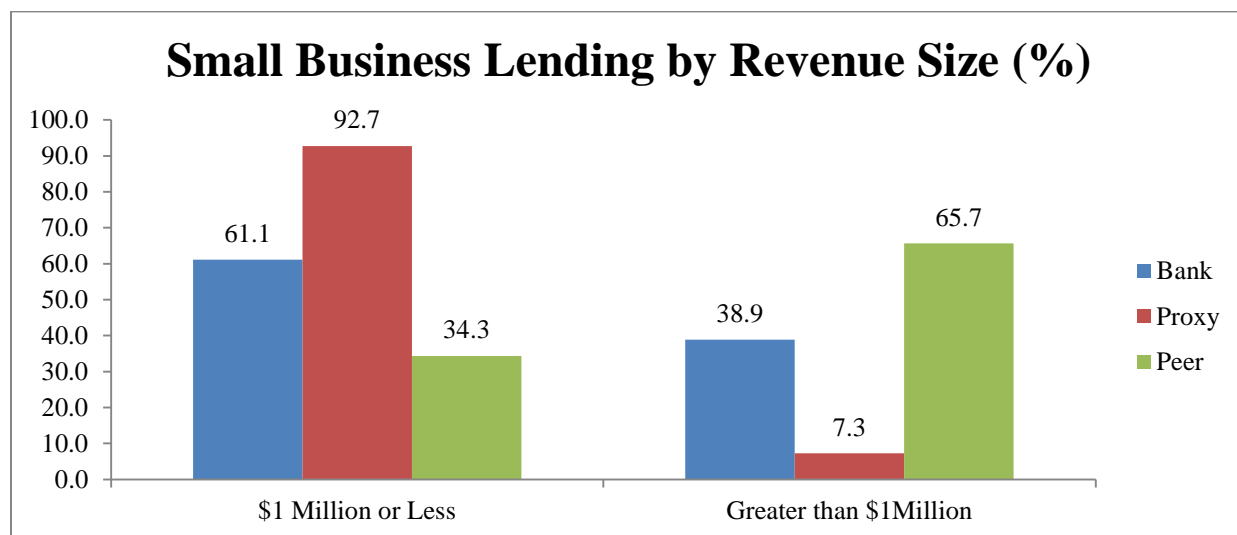


Borrower Distribution of Lending

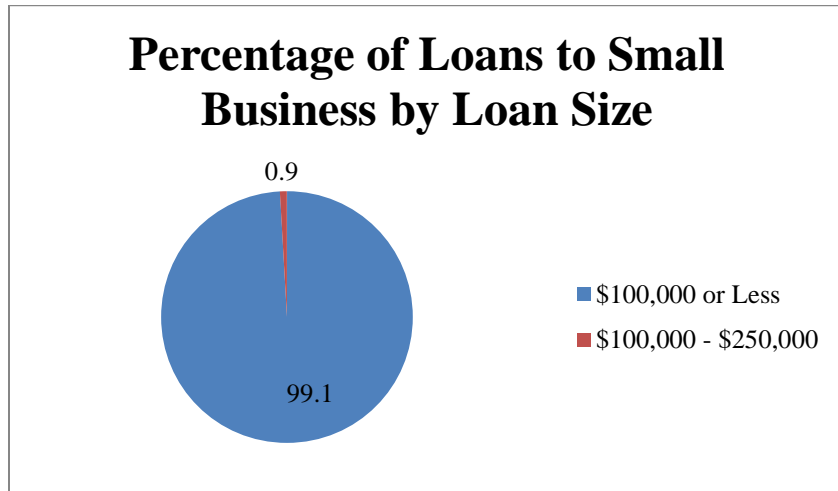
Twin Valley’s lending performance reflects a reasonable distribution of lending to borrowers of different income levels and a good level of lending to businesses of different revenue sizes. Small business lending and HMDA lending are considered good. Consumer lending is considered excellent.

Small Business Lending

Small businesses are defined as those with gross annual revenues of less than or equal to \$1 million. Although Twin Valley’s lending to businesses with revenue of \$1 million or less is below the percentage of such businesses in the assessment area (proxy), its performance is notably higher than peer. Borrower distribution for small business lending is considered good.

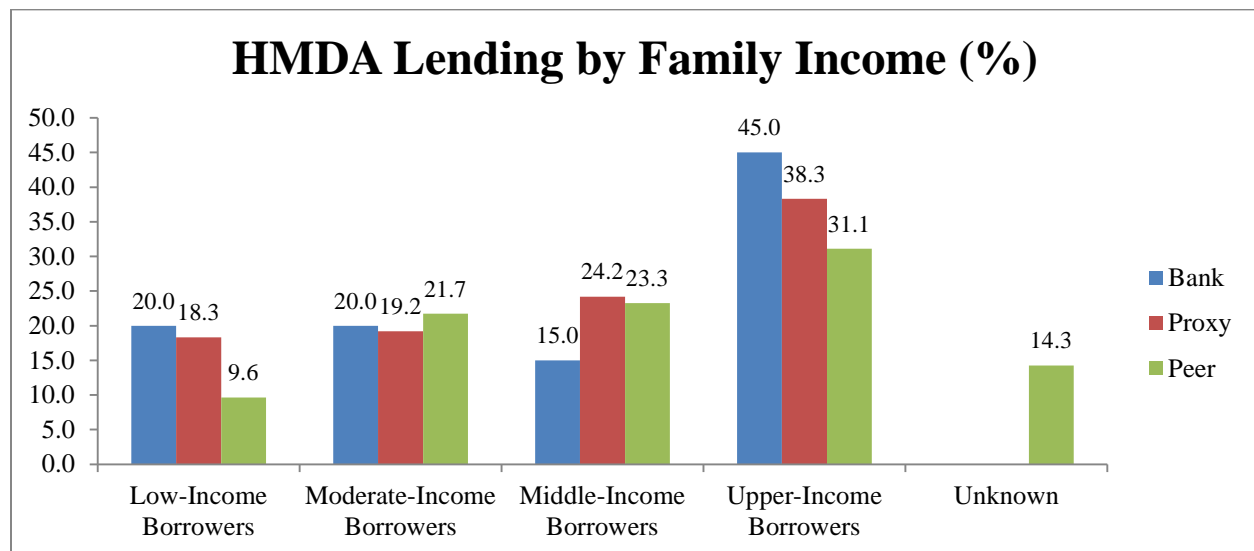


As reflected in the chart below, further analysis of small business lending shows 99.1% of the bank’s small business loans were for \$100,000 or less. Typically, the extent to which a bank is willing to extend loans in amounts of \$100,000 or less is reviewed because smaller businesses often have a greater need for small-dollar loans. Results of this review are consistent with the bank’s lending activity.



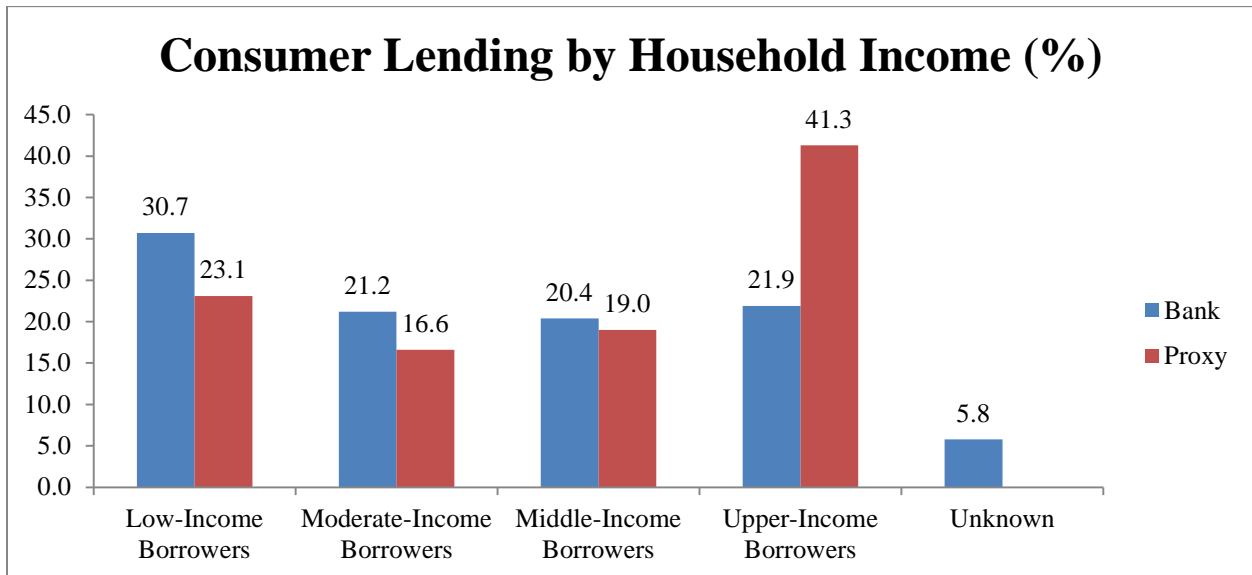
HMDA Lending

In the chart below, Twin Valley’s HMDA lending numbers were adjusted to exclude loans with unknown incomes. The resulting figures show that the bank’s performance exceeds proxy for low- and moderate-income borrowers and is almost twice that of peer for low-income borrowers. Results were below proxy and peer for middle-income and above for upper-income borrowers. Borrower distribution for HMDA loans is considered good.



Consumer Lending

As shown in the following chart, Twin Valley’s consumer lending to low- and moderate-income borrowers was substantially higher than the percentage of households (proxy). Lending to middle-income borrowers also exceeded proxy, but was below that to upper-income borrowers. Consumer lending among borrowers of different incomes is considered excellent.



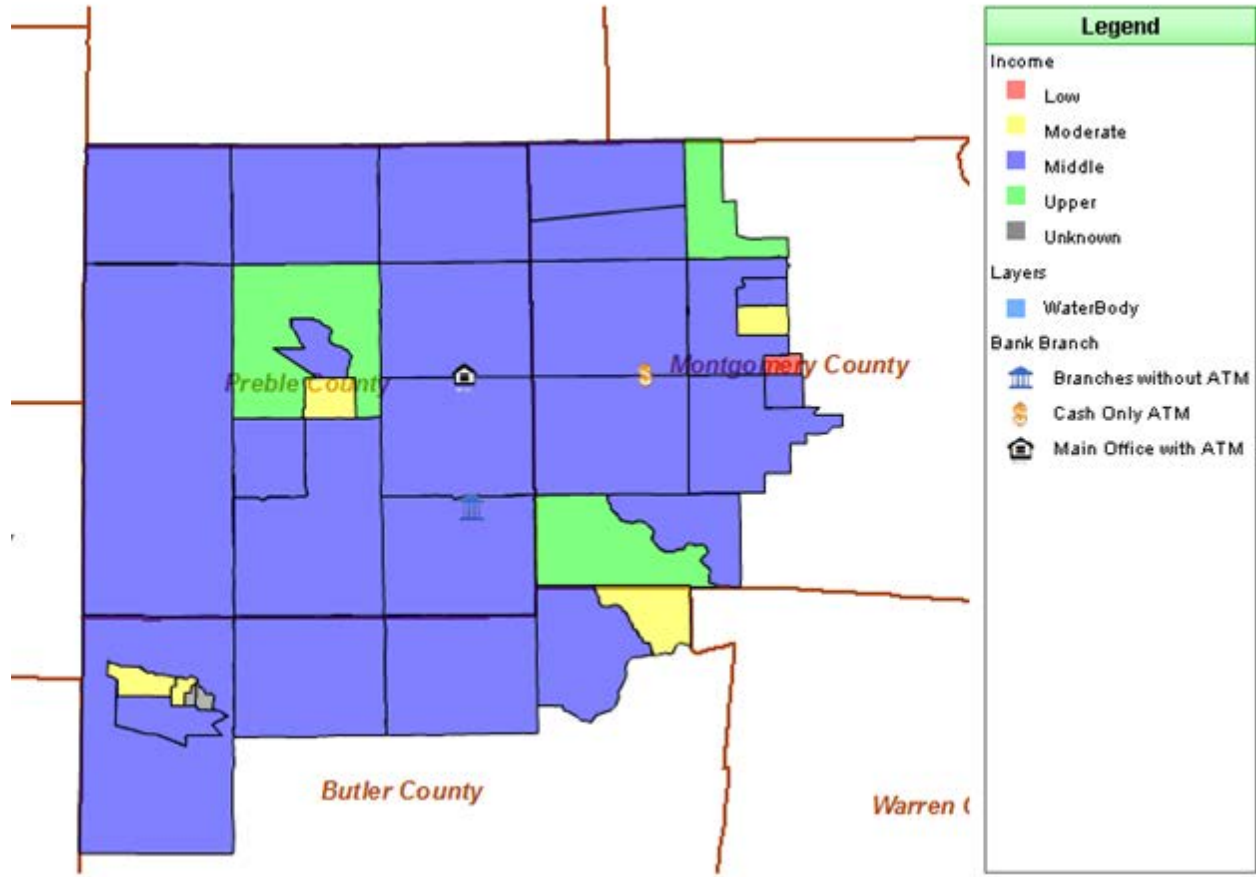
Response to Consumer Complaints

The bank has not received any CRA-related complaints since the previous examination.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discrimination or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A
ASSESSMENT AREA MAP



APPENDIX B

LENDING TABLES

HMDA Loan Distribution Table

Exam: Twin Valley Bank, West Alexandria OH

Assessment Area/Group All Assessment Areas

Income Categories	HMDA							
	#	By Tract Income %	\$(000s)	%	#	By Borrower Income %	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	1	7.1%	57	2.1%
Moderate	1	7.1%	1,487	55.6%	1	7.1%	38	1.4%
Low/Moderate Total	1	7.1%	1,487	55.6%	2	14.3%	95	3.6%
Middle	13	92.9%	1,189	44.4%	3	21.4%	212	7.9%
Upper	0	0.0%	0	0.0%	7	50.0%	556	20.8%
Unknown	0	0.0%	0	0.0%	2	14.3%	1,813	67.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	14	100.0%	2,676	100.0%	14	100.0%	2,676	100.0%
Refinance								
Low	0	0.0%	0	0.0%	3	21.4%	140	16.3%
Moderate	0	0.0%	0	0.0%	3	21.4%	139	16.2%
Low/Moderate Total	0	0.0%	0	0.0%	6	42.9%	279	32.5%
Middle	14	100.0%	858	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	2	14.3%	201	23.4%
Unknown	0	0.0%	0	0.0%	6	42.9%	378	44.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	14	100.0%	858	100.0%	14	100.0%	858	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	148	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	148	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	148	100.0%	1	100.0%	148	100.0%
Multi-Family								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	4	13.8%	197	5.4%
Moderate	1	3.4%	1,487	40.4%	4	13.8%	177	4.8%
Low/Moderate Total	1	3.4%	1,487	40.4%	8	27.6%	374	10.2%
Middle	27	93.1%	2,047	55.6%	3	10.3%	212	5.8%
Upper	1	3.4%	148	4.0%	9	31.0%	757	20.6%
Unknown	0	0.0%	0	0.0%	9	31.0%	2,339	63.5%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	29	100.0%	3,682	100.0%	29	100.0%	3,682	100.0%

*Information based on 2010 ACS data

CRA Loan Distribution Table

Exam: Twin Valley Bank, West Alexandria OH

Assessment Area/Group: All Assessment Areas

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	By Tract Income							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	5	4.6%	153	7.0%	0	0.0%	0	0.0%
Low/Moderate Total	5	4.6%	153	7.0%	0	0.0%	0	0.0%
Middle	101	93.5%	1,996	91.0%	0	0.0%	0	0.0%
Upper	2	1.9%	44	2.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	108	100.0%	2,193	100.0%	0	0.0%	0	0.0%
	By Revenue							
Total \$1 Million or Less	66	61.1%	1,488	67.8%	0	0.0%	0	0.0%
Over \$1 Million	42	38.9%	706	32.2%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	108	100.0%	2,193	100.0%	0	0.0%	0	0.0%
	By Loan Size							
\$100,000 or less	107	99.1%	2,081	94.9%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	0.9%	113	5.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	108	100.0%	2,193	100.0%	0	0.0%	0	0.0%
	By Loan Size and Revenue \$1 Million or Less							
\$100,000 or less	65	98.5%	1,375	92.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	1	1.5%	113	7.6%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	66	100.0%	1,488	100.0%	0	0.0%	0	0.0%

*Information based on 2010 ACS data

Consumer Loan Distribution Table

Exam: Twin Valley Bank, West Alexandria OH

Assessment Area/Group :All Assessment Areas

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Consumer Loans							
Low	0	0.0%	0	0.0%	42	30.7%	292	30.4%
Moderate	5	3.6%	19	1.9%	29	21.2%	188	19.5%
Low/Moderate Total	5	3.6%	19	1.9%	71	51.8%	480	50.0%
Middle	126	92.0%	915	95.1%	28	20.4%	179	18.7%
Upper	6	4.4%	28	2.9%	30	21.9%	248	25.8%
Unknown	0	0.0%	0	0.0%	8	5.8%	55	5.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	137	100.0%	962	100.0%	137	100.0%	962	100.1%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	42	30.7%	292	30.4%
Moderate	5	3.6%	19	1.9%	29	21.2%	188	19.5%
Low/Moderate Total	5	3.6%	19	1.9%	71	51.8%	480	50.0%
Middle	126	92.0%	915	95.1%	28	20.4%	179	18.7%
Upper	6	4.4%	28	2.9%	30	21.9%	248	25.8%
Unknown	0	0.0%	0	0.0%	8	5.8%	55	5.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	137	100.0%	962	100.0%	137	100.0%	962	100.1%

APPENDIX C

GLOSSARY OF TERMS

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.