

# **PUBLIC DISCLOSURE**

July 6, 2015

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Hocking Valley Bank  
RSSD # 230610

7 West Stimson Avenue  
Athens, Ohio 45701

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 (considering seasonal variations and taking into account lending-related activities) 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 assessment area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment areas;
- The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income);
- The distribution of loans to businesses reflects 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 examination,

The previous CRA examination conducted April 11, 2011 resulted in a “Satisfactory” performance rating.

## SCOPE OF EXAMINATION

The Hocking Valley Bank's (HVB) Community Reinvestment Act (CRA) performance was evaluated using the interagency small bank examination procedures under Regulation BB.

HVB's CRA performance was evaluated based on lending data for the period of July 1, 2013 to December 31, 2014. The institution's lending levels for the following products were considered for this evaluation:

- Business loans
- Residential real estate loans
- Consumer unsecured loans
- Consumer motor vehicle loans
- Consumer secured loans

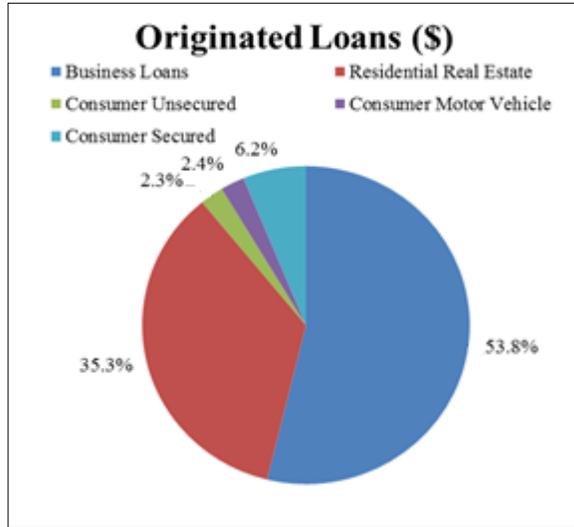
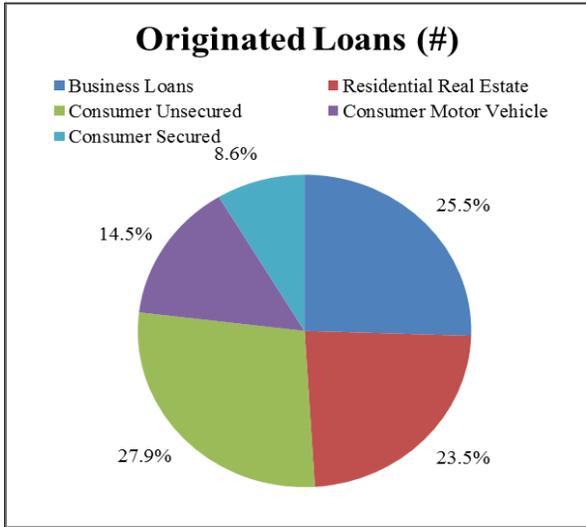
For this evaluation, business loans include real estate and non-real estate secured loans with a business-related purpose. Consumer secured loans include personal loans secured by anything other than real estate or motor vehicles.

HVB's lending performance was evaluated, with the greatest weight given to business loans. Residential real estate loans received the next greatest weight, followed by consumer unsecured, consumer motor vehicle, and consumer secured loans. This determination was based on HVB's loan origination levels and the concentration of loan products in the institution's portfolio. HVB originated too few home equity loans to perform a meaningful analysis and no agricultural loans during this review period; therefore, home equity and agricultural loans were not included in this analysis.

HVB's performance with respect to its geographic dispersion of loans and borrower profiles received equal weighting, due to the prominence of low-, moderate-, and distressed middle-income census tracts and the concentration of low- and moderate-income persons in this assessment area.

The following table and charts illustrate the volume and distribution of loans originated within HVB's assessment area during the evaluation period.

<b>Loan Type</b>	<b>Number of Loans</b>	<b>Dollar Amount of Loans (000s)</b>
Business Loans	181	33,526
Residential Real Estate Loans	167	21,959
Consumer Unsecured Loans	198	1,454
Consumer Motor Vehicle Loans	103	1,470
Consumer Secured Loans	61	3,886
<b>Total</b>	<b>710</b>	<b>62,295</b>



### DESCRIPTION OF INSTITUTION

HVB is the sole subsidiary of Hocking Valley Bancshares, Incorporated. Both entities are headquartered in Athens, Ohio. As of June 30, 2015, HVB's total assets were valued at approximately \$246.3 million. During the previous CRA evaluation in April 2011, HVB's total assets were approximately \$233.0 million, which represents an increase in assets of approximately 5.7%.

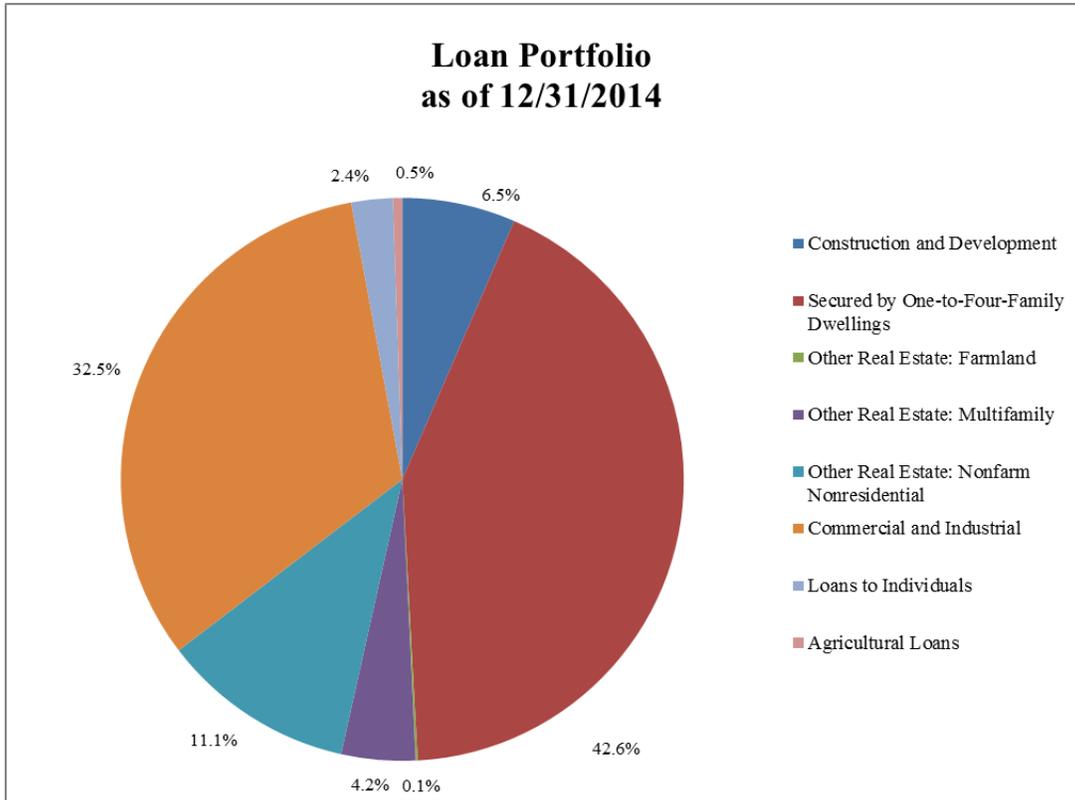
HVB is a full-service retail bank, offering commercial, agricultural, and consumer deposit and loan products. Customers are serviced through HVB's main office and six branches located throughout Athens County, of which four are located in the city of Athens.

The bank operates no full-service Automated Teller Machines (ATMs); however, cash-dispensing ATMs are located at all bank offices and at two non-bank locations in Albany and Athens, Ohio. HVB has not opened or closed any branches since the previous evaluation.

The following charts represent the composition of HVB's loan portfolio as of December 31, 2014.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	12/31/2014		12/31/2013		12/31/2012	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	10,119	6.5%	7,574	5.1%	7,872	5.7%
Secured by One-to-Four-Family Dwellings	66,275	42.6%	64,033	43.4%	64,239	46.6%
Other Real Estate: Farmland	202	0.1%	218	0.1%	304	0.2%
Other Real Estate: Multifamily	6,601	4.2%	8,811	6.0%	9,715	7.1%
Other Real Estate: Nonfarm Nonresidential	17,284	11.1%	18,282	12.4%	20,276	14.7%
Commercial and Industrial	50,505	32.5%	42,573	28.8%	28,447	20.7%
Loans to Individuals	3,697	2.4%	5,334	3.6%	6,024	4.4%
Agricultural Loans	834	0.5%	805	0.5%	844	0.6%
<i>Total</i>	<i>\$155,517</i>	<i>100.00%</i>	<i>\$147,630</i>	<i>100.00%</i>	<i>\$137,721</i>	<i>100.00%</i>

\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.



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

## DESCRIPTION OF ASSESSMENT AREA

HVB's delineated assessment area includes the entirety of Athens County, the northern half of Meigs County, the eastern portion of Washington County, and the northern and eastern portions of Vinton County (all in Ohio). The significant majority of HVB's assessment area is located in non-metropolitan Ohio. In 2013, Washington County was included in the Parkersburg-Vienna WV-OH Metropolitan Statistical Area, but this classification was changed in 2014 and Washington County was included in non-metropolitan Ohio. Accordingly, for this evaluation, all of HVB's assessment area is classified as non-metropolitan Ohio.

HVB's assessment area consists of 22 census tracts. Specifically, the assessment area contains two low-, five moderate-, 12 middle-, and three upper-income census tracts.

As of 2014, 11 of the 12 middle-income tracts located in HVB's assessment area were designated as distressed due to unemployment or poverty, with eight distressed tracts located in Athens County, two in Meigs County, and one in Vinton County. All tracts in Athens and Vinton Counties are distressed due to poverty. The tracts in Meigs County are distressed due to poverty and unemployment. The only non-distressed middle-income census tract in HVB's assessment area is located in Washington County.

HVB's assessment area has a variety of unique characteristics that impact its levels of lending and the provision of services extended throughout the assessment area. HVB and its assessment area are located in southeastern Ohio, which has historically been plagued with higher levels of poverty and unemployment. Although the mining and oil fracking industries and other employment relying on proximity to the Ohio River offer a unique opportunity for economic diversification, many of the associated jobs are lower-paying with limited opportunities for individual wealth accumulation. Additionally, many of the area's jobs were negatively impacted by the recent economic downturn. However, Athens County is an anomaly because it is the home of Ohio University, which boasts an undergraduate population of approximately 24,000 students on the Athens campus.<sup>1</sup> Ohio University is a major employer and source of industry for Athens County and strengthens the county's economic standing given the other obstacles facing southeast Ohio.

HVB has one branch located in a low-income census tract and one office located in a moderate-income census tract. All other bank offices are located in middle-income census tracts.

HVB's assessment area is mainly rural, with the exception of the city of Athens, which is the county seat of Athens County and has the largest population in HVB's assessment area. According to the 2010 U.S. Census Bureau report, the population in Athens County was 64,757, whereas the population of Meigs County was 23,770 and the population of Vinton County was 13,435. The population of Washington County was 61,778. While a small portion of this county is included in HVB's delineated assessment area, the majority of that population does not reside within reasonable proximity to HVB's branch offices.

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<sup>1</sup> [www.ohio.edu/admissions/facts.cfm](http://www.ohio.edu/admissions/facts.cfm)

As of June 30, 2014, the Federal Deposit Insurance Corporation’s Deposit Market Share Report indicated that there were 20 financial institutions serving Athens, Meigs, Vinton and Washington Counties. Financial institutions of varying sizes and resources dominate this market. Peoples Bank, N.A. is a regional institution headquartered in Ohio, operating 15 offices in this market area and is ranked first with 29.76% of the market share of deposits. JP Morgan Chase Bank, N.A. is a large national financial institution that operates seven offices in this market area and is ranked second with 16.44% of the market share of deposits. HVB is ranked third out of the 20 financial institutions, holding 8.74% of the market share of deposits. Although HVB’s assessment area does not include the entirety of Washington County, competition among banks throughout the remainder of the market area remains high, especially in Athens County, given its large collegiate population.

The following table illustrates deposit market share holdings among the top ten financial institutions in the assessment area:

#	Financial Institution	Deposit Market Share
1	Peoples Bank, N.A.	29.76%
2	JP Morgan Chase Bank, N.A.	16.44%
3	The Hocking Valley Bank	8.74%
4	The Citizens Bank Company	6.48%
5	The Vinton County National Bank	6.22%
6	The Farmers Bank and Savings Company	5.50%
7	The Settlers Bank	4.43%
8	WesBanco Bank, Incorporated	3.62%
9	The Huntington National Bank	3.26%
10	The Peoples Savings Bank	2.35%

Information received from interviews with organizations based in HVB’s assessment area was used as part of this evaluation to gain a broader understanding of the community’s credit needs. A representative from an organization focused on expanding economic development in HVB’s assessment area stated that local economic conditions are improving and various industries (such as hospitality, natural resources, and retail) are growing. However, such growth has not positively influenced the local housing market. Affordable housing is becoming more difficult to access due to the increase in temporary residents moving to the area for jobs in the natural resources industries. The contact stated that many small businesses experience difficulties obtaining access to startup capital. According to the contact, local financial institutions have been supportive of economic development needs. Larger, non-local financial institutions are not perceived to be as supportive of local economic development needs, largely because loan decisions are not rendered by persons living in the area.

A second interview was conducted with an organization that provides various services (including, but not limited to, housing assistance and financial counseling) to low- and moderate-income persons throughout eastern Ohio. The contact stated that this portion of the state has historically struggled with poverty and unemployment. Affordable housing options are limited because many of those units were compromised from prior flooding of the Ohio River. Federal restrictions can inhibit redevelopment in flood plains, which has contributed to a lack of quality, affordable housing in this area. Many residents are in dire financial straits and rely on ‘payday’ lending businesses and fall victim to predatory credit practices, since it is difficult for them to open deposit accounts and obtain loans from banks. As such, many residents become saddled with debt that is difficult to repay. Despite these challenges, the contact stated that local banks and credit unions are responsive to credit needs of this community; however, there are special repayment programs to help lower-income individuals escape payday-lending debt cycles.

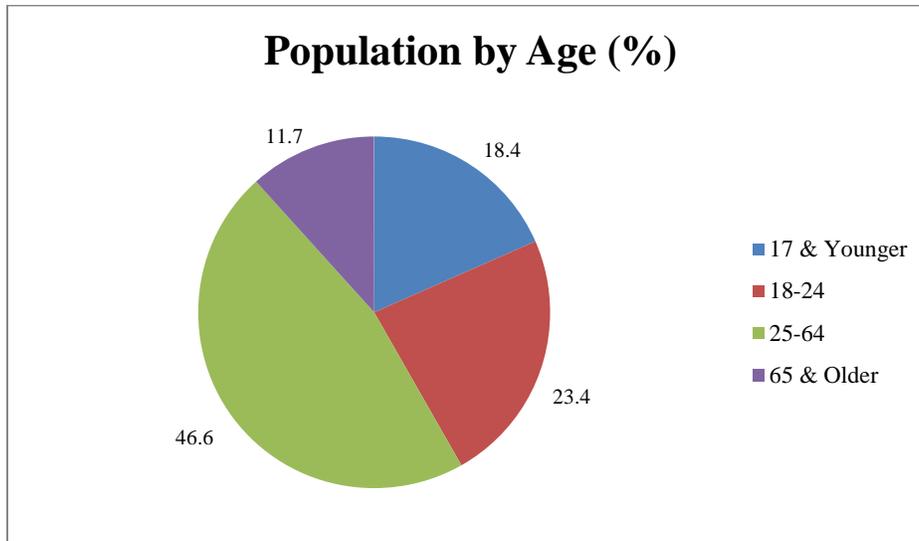
### **Population Characteristics**

According to the 2010 U.S. Census Bureau report, the total population in HVB’s assessment area was 99,505. The following table depicts the 2010 and estimated 2014 population of the four counties within the bank’s assessment area and the estimated population change.<sup>2</sup>

<b>County</b>	<b>2010 Population</b>	<b>2014 Population</b>	<b>Population Percent Change</b>
Athens	64,757	64,713	-0.1%
Meigs	23,770	23,331	-1.9%
Vinton	13,435	13,234	-1.5%
Washington	61,778	61,213	-0.9%
<b>Total</b>	<b>163,740</b>	<b>162,491</b>	

Approximately 18.4% of the population is under 18, which is the legal age to enter into a contract, while 70.0% of the population is between the ages of 18 and 64 and more likely to have credit needs. The following chart illustrates the population by age within the assessment area.

2 American Fact Finder, <http://factfinder2.census.gov>



### Income Characteristics

According to the U.S. Department of Housing and Urban Development (HUD), detailed in the table below are the 2014 estimated median family income levels for the counties in HVB’s assessment area.<sup>34</sup> As the table illustrates, it is estimated that median family income levels for all counties in this assessment area will fall below the median family income level for Ohio.

Median Family Income (MFI)		
County	2013 MFI	2014 MFI (estimated)
Athens	\$51,200	\$52,000
Meigs	\$45,300	\$43,600
Vinton	\$39,800	\$38,700
Washington	\$57,400	\$53,700
<b>Ohio</b>	<b>\$53,000</b>	<b>\$55,700</b>

According to the 2010 U.S. Census Bureau report, there were 36,285 households in HVB’s assessment area, of which 22,342 (61.6%) were classified as families. Low- and moderate-income families represented 24.8% and 18.0%, of all families, respectively. Additionally, 14.4% of families in this area live below the poverty level, which exceeded the percentage (10.3%) of families living below the poverty level for Ohio.

The following table illustrates changes in local, state, and national household poverty rates since 2010. According to data from the Economic Research Service of the United States Department of Agriculture (USDA),<sup>5</sup> 2013 household poverty rates for the counties in HVB’s assessment area were as follows:

3 <http://www.huduser.org/portal/datasets/il/il13/index.html>

4 <http://www.huduser.org/portal/datasets/il/il14/index.html>

5 <http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx>

County	2010 Poverty Rate	2013 Poverty Rate	Change
Athens	27.5%	31.0%	12.7%
Meigs	18.9%	20.6%	9.0%
Vinton	20.3%	22.2%	9.4%
Washington	14.6%	16.3%	11.6%
<b>Ohio</b>	<b>13.7%</b>	<b>15.9%</b>	<b>16.1%</b>
<b>United States</b>	<b>14.9%</b>	<b>15.8%</b>	<b>6.0%</b>

As illustrated in the previous table, poverty rates increased throughout all counties in HVB’s assessment area in 2013. With the exception of Washington County, poverty levels throughout this area notably outpaced state and national rates. These figures further illustrate the economic challenges that have long-characterized HVB’s assessment area and substantiate that many local residents have limited financial resources, making it difficult to qualify for bank loans.

**Labor, Employment, and Economic Characteristics**

All of the counties in HVB’s assessment area are part of the Ohio Appalachian Region, which is comprised of 32 counties throughout southeastern Ohio along the Ohio River. According to the Ohio Development Services Agency Department of Research, the largest employment sectors in the Ohio Appalachian Region are trade, transportation, and utilities; education and health services; manufacturing; and local government. In Athens County, the state and federal governments and goods-producing sectors earned the highest weekly wages (\$1,204, \$1,126, and \$960, respectively). In Meigs County, the information sector and the federal and state governments earned the highest weekly wages (\$934, \$910, and \$778, respectively). In Vinton County, the construction, natural resources and mining, and manufacturing sectors earned the highest weekly wages (\$833, \$805, and \$788, respectively). In Washington County, the manufacturing sector and the federal and state governments earned the highest weekly wages (\$1,169, \$1,044, and \$1,011, respectively).

The following table illustrates the major employment sectors and employers in HVB’s assessment area.<sup>6</sup>

<sup>6</sup> Ohio County Profiles, Ohio Development Services Agency, [https://development.ohio.gov/reports\\_countytrends\\_map.htm](https://development.ohio.gov/reports_countytrends_map.htm)

County	Primary Employment Sectors	Major Employers
Athens	State government Education and health services Local government Trade, transportation and utilities; Leisure and hospitality	Alexander Local Schools; Athens City Schools; Athens County Government; Diagnostic Hybrids, Incorporated; ED MAP Incorporate; Federal Hocking Local Schools; Hocking College; Nelsonville-York City Schools; O'Bleness Memorial Hospital; Ohio University; Sunpower, Incorporated; Wal-Mart Stores, Incorporated
Meigs	Local government Trade, transportation and utilities Education and health services Leisure and hospitality Construction	Eastern Local Schools; Extendicare/Rocksprings Rehabilitation Center; Gatling Ohio LLC; Meigs County Government; Meigs Local Schools; Overbrook Rehabilitation Center; Southern Local Schools
Vinton	Local government Manufacturing Trade, transportation and utilities Education and health services Leisure and hospitality	Austin Powder Company; Crownover Lumber Company, Incorporated; Huston Nursing Home; State of Ohio; Vinton County Government; Vinton County Local Schools; Vinton County National Bank
Washington	Trade, transportation and utilities Education and health services Manufacturing Local government Leisure and hospitality	American Electric Power; Americas Styrenics; Eramet Marietta, Inc.; Globe Metallurgical; KRATON Polymers LLC; Marietta City Schools; Marietta College; Marietta Memorial Health System; Pioneer Pipe; RJF International Corporation; Solvay Advanced Polymers; Thermo Fisher Scientific, Incorporated; Wal-Mart Stores, Incorporated

The following table shows the 2013 and 2014 average annual unemployment rates for the counties in HVB's assessment area and Ohio.

**Unemployment Rates**  
**Assessment Area: Hocking Valley**

Area	Years - Annualized	
	2013	2014
Athens Co.	7.4	5.6
Meigs Co.	10.0	8.1
Vinton Co	9.2	6.8
Washington Co.	7.0	5.2
<b>Parkersburg-Vienna, WV-OH MSA</b>	<b>5.9</b>	<b>5.2</b>
<b>Ohio</b>	<b>6.4</b>	<b>4.7</b>

Not Seasonally Adjusted

Data as of: March 2015

In 2013, Washington Co., was part of the Parkersburg-Vienna MSA. In 2014, due to OMB changes, Washington County is in a non-MSA area.

As the table illustrates, unemployment rates throughout HVB’s assessment area surpassed unemployment levels for Ohio. However, there was improvement in 2014, as shown by the gradually declining figures.

### **Housing Characteristics**

According to the 2010 U.S. Census Bureau report, there were 42,259 housing units in HVB’s assessment area, of which 59.2% of the units were owner-occupied. Rental units represented 26.6% of all housing units and 14.1% of all housing units were vacant. The owner-occupancy rate in this assessment area was slightly below Ohio’s rate of 61.7%.

As of 2010, the median age of housing stock in this assessment area was 34 years old, which was lower than the statewide median age of 44 years.

The median housing value in the assessment area was \$106,698, with an affordability ratio of 33.3%. The higher the affordability ratio, the more affordable a home is considered. The housing affordability ratio is calculated by dividing the median family income by the median housing value. The affordability of housing stock in HVB’s assessment area generally aligned with Ohio’s affordability ratio of 34.7%. Further, based on the 2014 median family income for non-metropolitan areas in Ohio (\$55,700), approximately 47.8% of the homes valued up to \$102,086 in the assessment area would be considered affordable for low-income individuals and 72.3% of homes valued up to \$163,338 would be considered affordable for moderate-income individuals. These percentages were calculated assuming housing expense ratios of 28.0% of borrowers’ gross incomes for loans with 4.0% fixed interest rates and 30-year terms.

According to Sperling’s Best Places,<sup>7</sup> the following table depicts the median home cost, housing appreciation in the prior year, and cost of living for all counties in the bank’s assessment area.

<b>County</b>	<b>Median Home Cost</b>	<b>Housing Appreciation</b>	<b>Cost of Living</b>
Athens	\$117,800	-0.7%	88.8%
Meigs	\$84,600	-0.7%	82.7%
Vinton	\$77,400	-0.8%	82.2%
Washington	\$108,300	-0.8%	86.6%

The cost of living throughout HVB’s assessment area is lower than the average cost of living (88.2%) for Ohio and the United States.

According to RealtyTrac<sup>8</sup>, all counties in the bank’s assessment area had significantly lower ratios of properties in foreclosure than the national and state ratios in June 2015. Meigs County had the highest level of foreclosure filings in the state. The following table depicts homes that were in foreclosure in June 2015 for all counties in HVB’s assessment area, Ohio, and the United States.

<sup>7</sup> Sperling’s Best Places, [www.bestplaces.net](http://www.bestplaces.net)

<sup>8</sup> RealtyTrac, [www.realtytrac.com](http://www.realtytrac.com)

<b>County</b>	<b>Ratio of Properties Receiving Foreclosure Filings (June 2015)</b>
Athens	1: 1,874
Meigs	1: 686
Vinton	1: 2,654
Washington	1: 1,926
<b>Ohio</b>	<b>1:860</b>
<b>United States</b>	<b>1:1,128</b>

According to the 2010 U.S. Census Bureau report, the median gross rent in the assessment area was \$644 per month, which was slightly less than Ohio's median gross rent (\$678). Approximately 23.3% of all rental payments were for amounts less than \$500 per month.

The following chart illustrates the demographics of HVB's assessment area.

### Combined Demographics Report

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	2	9.1	69	0.3	39	56.5	5,549	24.8
Moderate-income	5	22.7	5,902	26.4	1,181	20	4,013	18
Middle-income	12	54.5	12,835	57.4	1,739	13.5	4,466	20
Upper-income	3	13.6	3,536	15.8	246	7	8,314	37.2
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>22</b>	<b>100.0</b>	<b>22,342</b>	<b>100.0</b>	<b>3,205</b>	<b>14.3</b>	<b>22,342</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>		<b>Rental</b>		<b>Vacant</b>		
		#	%	#	%	#	%	
Low-income	1,707	33	0.1	1.9	1,333	78.1	341	20
Moderate-income	11,020	6,274	25.1	56.9	3,211	29.1	1,535	13.9
Middle-income	22,683	14,440	57.7	63.7	4,982	22	3,261	14.4
Upper-income	6,849	4,286	17.1	62.6	1,726	25.2	837	12.2
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>42,259</b>	<b>25,033</b>	<b>100.0</b>	<b>59.2</b>	<b>11,252</b>	<b>26.6</b>	<b>5,974</b>	<b>14.1</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	
Low-income	147	4.8	121	4.4	14	8.7	12	7.7
Moderate-income	779	25.2	684	24.7	52	32.3	43	27.7
Middle-income	1,643	53.2	1,498	54.1	69	42.9	76	49
Upper-income	518	16.8	468	16.9	26	16.1	24	15.5
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>3,087</b>	<b>100.0</b>	<b>2,771</b>	<b>100.0</b>	<b>161</b>	<b>100.0</b>	<b>155</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>			<b>89.8</b>		<b>5.2</b>		<b>5.0</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	
Low-income	0	0	0	0	0	0	0	0
Moderate-income	62	23	62	23	0	0	0	0
Middle-income	187	69.5	187	69.5	0	0	0	0
Upper-income	20	7.4	20	7.4	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
<b>Total Assessment Area</b>	<b>269</b>	<b>100.0</b>	<b>269</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>			<b>100.0</b>		<b>.0</b>		<b>.0</b>	

Based on 2014 D&B information according to 2010 ACSBoundaries.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

HVB's performance under the lending test is considered satisfactory. The loan-to-deposit ratio is reasonable and a substantial majority of HVB's loans were made inside its assessment area. The bank's geographic dispersion of lending throughout its assessment area is reasonable. HVB's level of lending to borrowers of different income levels and businesses of different revenue sizes is reasonable.

### Loan-to-Deposit Ratio

A financial institution's loan-to-deposit (LTD) ratio 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 loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows HVB's quarterly LTD ratios for the last 17 quarters since the previous evaluation, along with the average LTD ratios for the same period.

<b>Hocking Valley Bank Loan-to-Deposit Ratios</b>					
<b>As of Date</b>	<b>Hocking Valley Bk</b>	<b>Citizens Bk Co</b>	<b>Settlers Bk</b>	<b>Peoples Svg Bk</b>	<b>Custom Peer</b>
March 31, 2015	74.22	54.37	87.73	38.90	60.33
December 31, 2014	74.04	53.58	88.44	40.00	60.67
September 30, 2014	73.67	51.44	91.64	43.74	62.27
June 30, 2014	73.90	51.11	90.13	44.80	62.01
March 31, 2014	71.81	51.72	95.48	50.47	65.89
December 31, 2013	71.29	52.13	97.64	50.27	66.68
September 30, 2013	68.73	57.40	99.44	55.05	70.63
June 30, 2013	68.05	54.36	101.66	58.13	71.38
March 31, 2013	65.37	52.39	94.86	61.00	69.42
December 31, 2012	63.81	57.81	96.64	64.49	72.98
September 30, 2012	64.57	56.26	95.87	65.85	72.66
June 30, 2012	66.92	58.85	94.23	67.27	73.45
March 31, 2012	66.56	56.90	87.76	69.21	71.29
December 31, 2011	67.49	60.47	88.41	66.83	71.90
September 30, 2011	64.73	62.44	94.74	75.38	77.52
June 30, 2011	64.61	62.65	98.89	73.67	78.40
March 31, 2011	64.62	62.59	97.82	74.97	78.46
<b>Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation</b>	<b>68.49</b>	<b>56.26</b>	<b>94.20</b>	<b>58.83</b>	<b>69.76</b>

HVB's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank averaged a LTD of 68.49% over the past 17 quarters of operation, which is slightly below the peer group average ratio of 69.76%.<sup>9</sup> HVB's quarterly LTD ratios consistently exceeded those of two peer institutions (Citizens Banking Company and Peoples Savings Bank) throughout this review period. As the table illustrates, the quarterly LTD ratios at Settlers Bank have significantly exceeded HVB and the other peer institutions throughout this review period, as it averaged an LTD ratio of 94.20%. Although the variance is substantive, HVB's quarterly LTD ratios are more aligned with its other peers. HVB's quarterly ratios have remained generally stable with modest fluctuations, which resulted in an overall increasing trend and indicates that HVB's loan origination volume is commensurate with its capacity to lend.

**Lending in the Assessment Area**

HVB's loan originations were analyzed to determine the volume of lending inside and outside its assessment area. As previously noted, HVB originated too few home equity loans to perform a meaningful lending analysis. However, since home equity loans were originated during this review period, those details are included in the table below for purposes of this assessment.

The following table illustrates the distribution of all loans made inside and outside the bank's assessment area.

**Lending Inside and Outside the Assessment Area**

Exam: Hocking Valley

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	%	\$(000s)
HE - Home Equity	40	87.0	2,269	89.9	6	13.0	256	10.1	100.0	2,525
MV - Motor Vehicle	103	92.8	1,470	93.4	8	7.2	103	6.6	100.0	1,574
RL - Residential Loans	167	92.8	21,959	92.8	13	7.2	1,706	7.2	100.0	23,664
XX - Consumer Secured	61	92.4	3,886	98.7	5	7.6	53	1.3	100.0	3,939
YY - Consumer Unsecured	198	91.7	1,454	92.5	18	8.3	118	7.5	100.0	1,572
<b>Total Consumer related</b>	<b>569</b>	<b>91.9</b>	<b>31,038</b>	<b>93.3</b>	<b>50</b>	<b>8.1</b>	<b>2,236</b>	<b>6.7</b>	<b>100.0</b>	<b>33,275</b>
SB - Small Business	181	93.8	33,526	96.3	12	6.2	1,290	3.7	100.0	34,815
<b>Total Small Bus. related</b>	<b>181</b>	<b>93.8</b>	<b>33,526</b>	<b>96.3</b>	<b>12</b>	<b>6.2</b>	<b>1,290</b>	<b>3.7</b>	<b>100.0</b>	<b>34,815</b>
<b>TOTAL LOANS</b>	<b>750</b>	<b>92.4</b>	<b>64,564</b>	<b>94.8</b>	<b>62</b>	<b>7.6</b>	<b>3,526</b>	<b>5.2</b>	<b>100.0</b>	<b>68,090</b>

As the table indicates, a substantial majority (92.4% by volume and 94.8% by dollar amount) of HVB's loans were made inside its delineated assessment area.

<sup>9</sup> National peer group consists of all commercial banks having assets between \$100 and \$300 million in nonmetropolitan areas with three or more full service offices.

### **Geographic Distribution of Lending**

HVB’s geographic distribution of lending is reasonable, specifically the geographic distribution of business and residential real estate loans. The geographic distribution of consumer unsecured is considered poor, with consumer motor vehicle loans and consumer secured loans considered reasonable. While this analysis revealed some gaps in the levels of lending throughout its assessment area, HVB is impacted by the area’s historical economic weaknesses and a large collegiate population, as the assessment area has historically been challenged with higher levels of poverty and unemployment. The large collegiate population exacerbates these challenges, as many students live in off-campus housing throughout Athens County, which are often located in economically challenged neighborhoods. Students also often earn lower and inconsistent wages, thereby disqualifying them for many traditional bank loans.

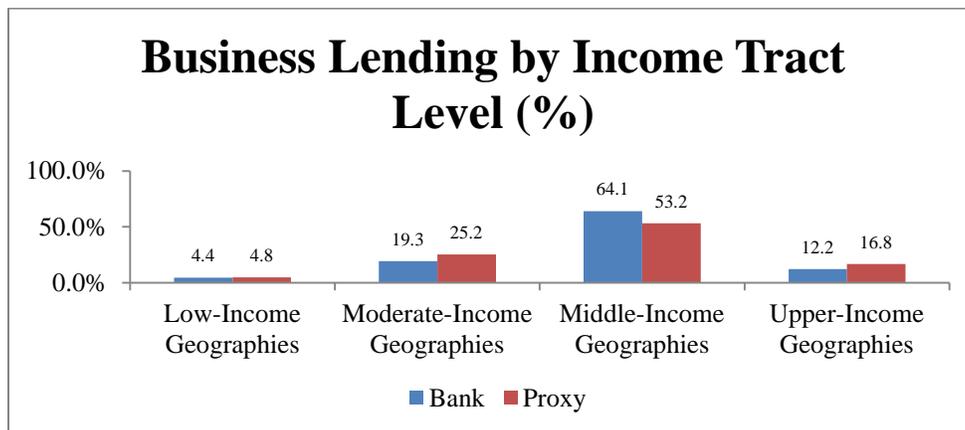
HVB’s assessment area contains two low-, five moderate-, 12 middle-, and three upper-income census tracts. During the review period, HVB originated 15 loans in low-income tracts, 123 loans in moderate-income tracts, 484 loans in middle-income tracts, and 88 loans in upper-income tracts. These figures do not include home equity loans originated by HVB during this review period. All of these factors were considered when evaluating HVB’s geographic distribution of lending.

#### ***Business Loans***

HVB originated eight (4.4%) of its business loans in the area’s low-income tracts. This level of lending generally aligned with the percentage (4.8%) of businesses located in those tracts and reflects a reasonable geographic distribution of lending.

HVB originated 35 (19.3%) of its business loans in the area’s moderate-income tracts. This level of lending was below the percentage (25.2%) of businesses located in those tracts and reflects a reasonable geographic distribution of lending.

The bank made 116 (64.1%) and 22 (12.2%) of its business loans in the area’s middle- and upper-income tracts, respectively, compared to the percentages (53.2% and 16.8%) of businesses located in middle- and upper-income tracts.

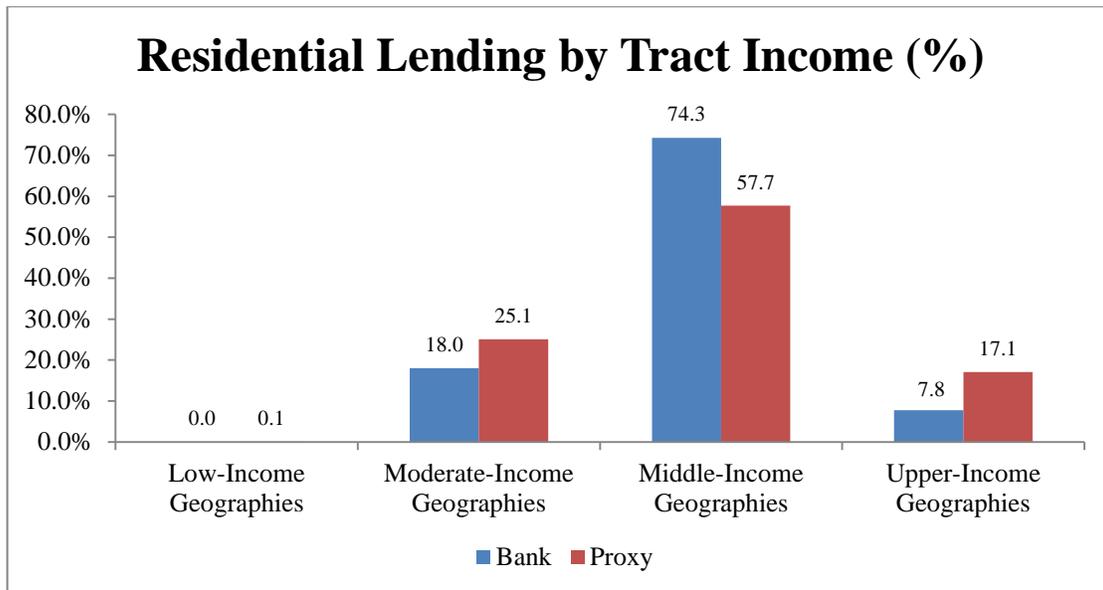


***Residential Real Estate Loans***

HVB originated no residential real estate loans in low-income tracts. This level of lending generally aligned with the percentage (0.1%) of owner-occupied housing units in these tracts. Given the limited level of owner-occupied housing in these tracts and large collegiate population, it is expected that levels of owner-occupied housing would be limited in low-income tracts. Based on these factors, HVB’s performance in low-income census tracts was not evaluated.

The bank originated 30 (18.0%) residential real estate loans in moderate-income census tracts. This level of lending was below the percentage (25.1%) of owner-occupied housing units in these tracts. Given the area’s high poverty levels and other economic challenges, this reflects a reasonable level of lending in moderate-income tracts.

The bank originated 124 (74.3%) and 13 (7.8%) of its residential real estate loans in middle- and upper-income tracts, respectively, compared to the percentages (57.7% and 17.1%) of owner-occupied housing units in middle- and upper-income tracts.

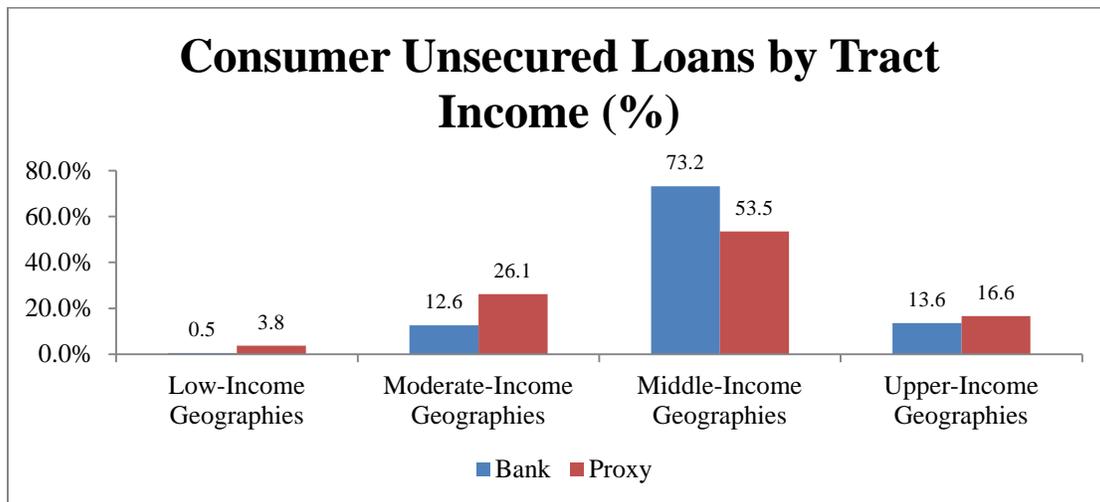


***Consumer Unsecured Loans***

HVB originated one (0.5%) consumer unsecured loan in a low-income tract. This level of lending was below the percentage (3.8%) of low-income households in these tracts and reflects a poor level of lending in low-income tracts.

HVB originated 25 (12.6%) consumer unsecured loans in moderate-income tracts. This level of lending was below the percentage (26.1%) of moderate-income households in these tracts and reflects a poor level of lending in moderate-income tracts.

The bank originated 145 (73.2%) and 27 (13.6%) consumer unsecured loans in middle- and upper-income tracts, respectively, compared to the percentages (53.5% and 16.6%) of middle- and upper-income households in these tracts.

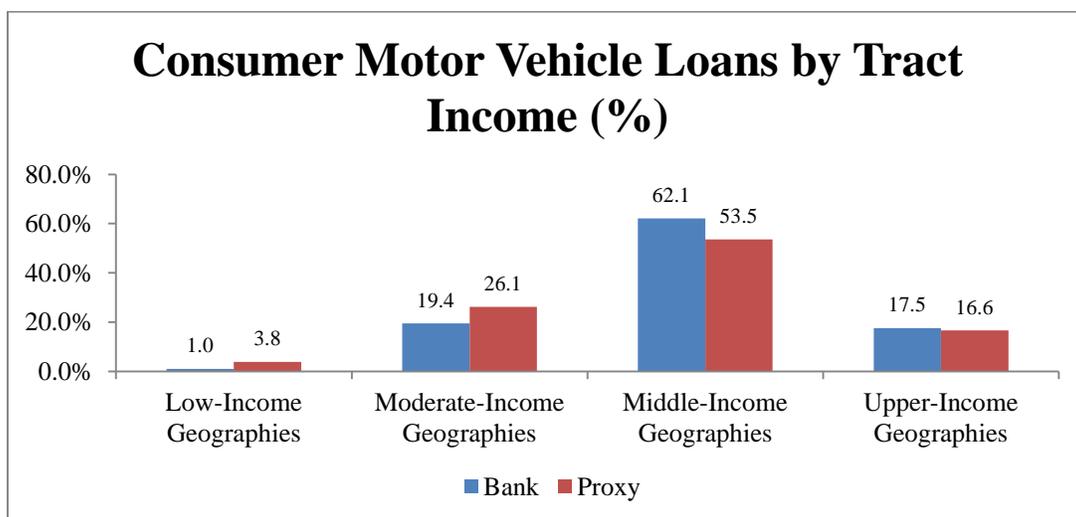


**Consumer Motor Vehicle Loans**

HVB originated one (1.0%) consumer motor vehicle loan in a low-income census tract. This level of lending was below the percentage (3.8%) of low-income households in these tracts and reflects a poor level of lending in low-income tracts.

HVB originated 20 (19.4%) consumer motor vehicle loans in moderate-income census tracts. This level of lending was below the percentage (26.1%) of moderate-income households in these tracts and reflects a reasonable level of lending in moderate-income tracts.

The bank originated 64 (62.1%) and 18 (17.5%) consumer motor vehicle loans in middle- and upper-income tracts, respectively, compared to the percentages (53.5% and 16.6%) of middle- and upper-income households in these tracts.

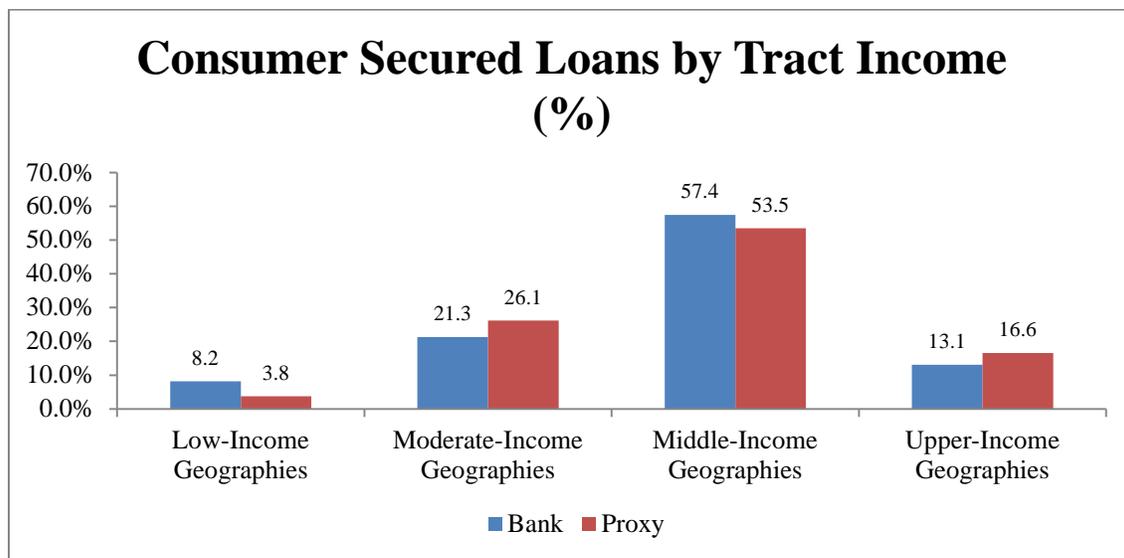


### Consumer Secured Loans

HVB originated five (8.2%) consumer secured loans in low-income tracts. This level of lending exceeded the percentage (3.8%) of low-income households in these tracts and reflects an excellent level of lending in low-income tracts.

HVB originated 13 (21.3%) consumer secured loans in moderate-income tracts. This level of lending was slightly below the percentage (26.1%) of moderate-income households in these tracts and reflects a reasonable level of lending in moderate-income tracts.

The bank originated 35 (57.4%) and eight (13.1%) consumer secured loans in middle- and upper-income tracts, respectively, compared to the percentages (53.5% and 16.6%) of middle- and upper-income households in these tracts.



### Borrower Distribution of Lending

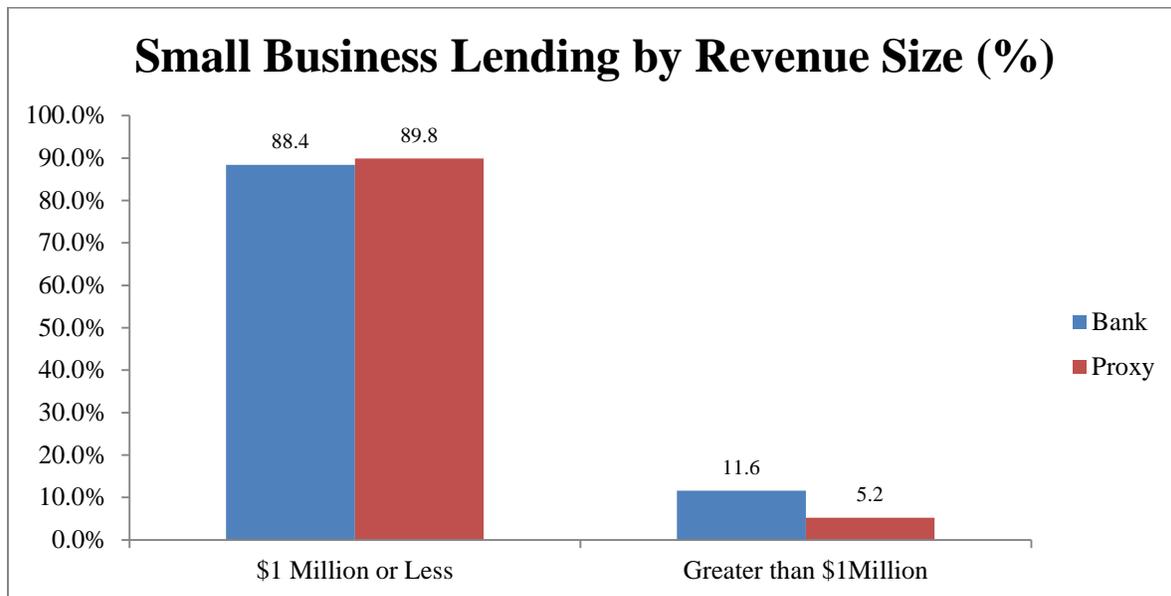
HVB's level of lending to businesses of different revenue sizes and borrowers of different income levels is reasonable. Specifically, the bank's level of lending to small businesses and extending business loans for amounts less than \$1 million is excellent. HVB's origination levels for residential real estate, consumer unsecured, and consumer secured loans is reasonable, as is lending for consumer motor vehicle loans. This evaluation revealed some gaps in HVB's levels of lending to borrowers of different income levels, specifically to low- and moderate-income borrowers, as previously discussed. HVB's assessment area has historically struggled with high levels of poverty and unemployment and also includes one of Ohio's top ten largest universities. Ohio University boasts a large student body that represents approximately 37.1% of the total population in Athens County. Students often cannot qualify for bank credit products, given their transience and limited financial capacities. This factor, coupled with the already-struggling local economy, could present challenges for HVB in providing credit to all sectors of the community. These factors were considered when evaluating the distribution of HVB's loans to borrowers of different income levels.

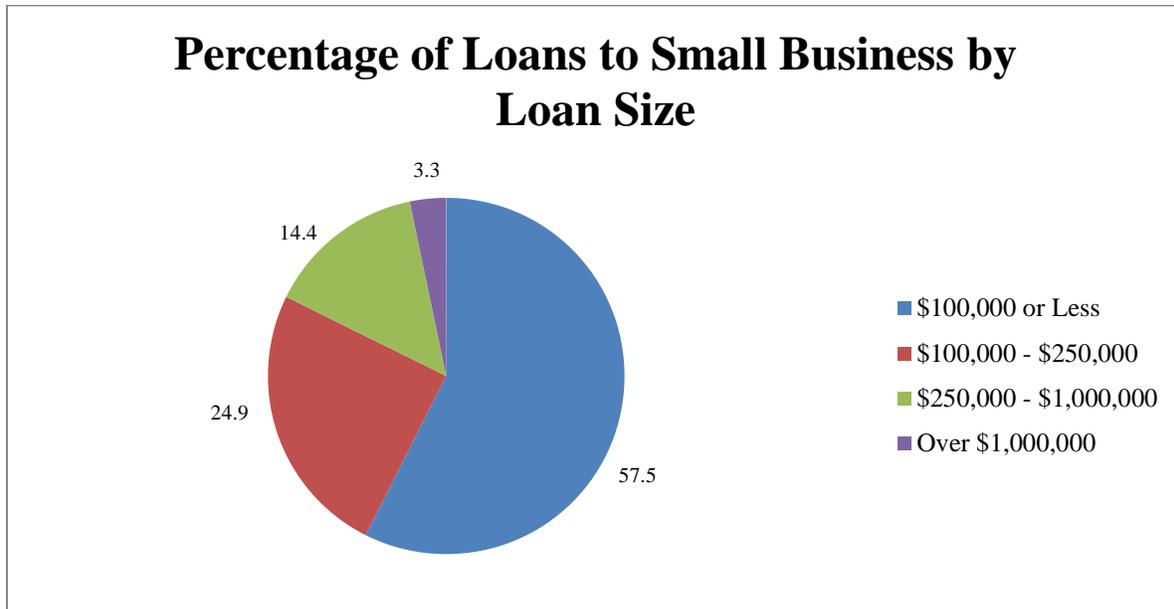
***Business Loans***

HVB originated 160 (88.4%) loans to small businesses (those with gross annual revenues of \$1 million or less). This was slightly below the percentage (89.8%) of small businesses in the assessment area.

HVB originated 104 (57.5%) business loans for amounts less than or equal to \$100,000 and 45 (24.9%) business loans for amounts greater than \$100,000, but less than or equal to \$250,000. HVB originated 26 (14.4%) business loans for amounts greater than \$250,000, but less than or equal to \$1 million and six (3.3%) business loans for amounts in excess of \$1 million. Business loans for amounts of \$1 million or less are often indicative of small business credit needs.

Based on the aforementioned details, HVB’s level of lending to small businesses is excellent.



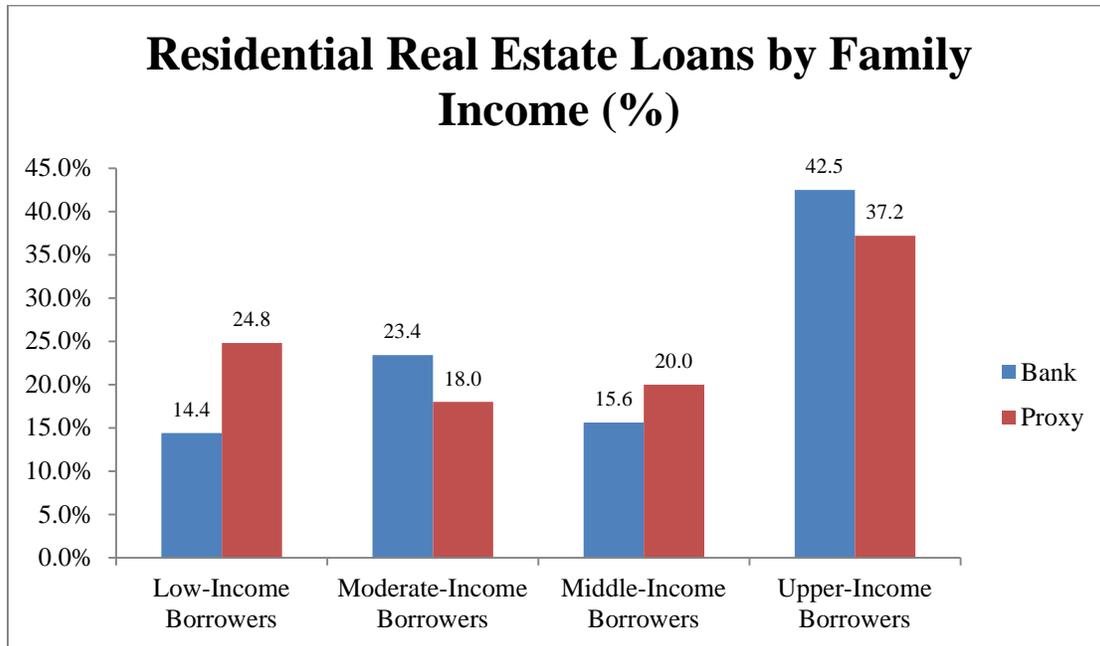


#### ***Residential Real Estate Loans***

HVB originated 24 (14.4%) of its residential real estate loans to low-income borrowers. This was below the percentage (24.8%) of low-income families in the assessment area and reflects a reasonable level of lending to low-income borrowers.

HVB originated 39 (23.4%) of its residential real estate loans to moderate-income borrowers. This exceeded the percentage (18.0%) of moderate-income families in the assessment area and reflects an excellent level of lending to moderate-income borrowers.

The bank originated 26 (15.6%) and 71 (42.5%) of its residential real estate loans to middle- and upper-income borrowers, respectively, compared to the percentages (20.0% and 37.2%, respectively) of middle- and upper-income families in the assessment area. HVB originated seven (4.2%) of its residential real estate loans to borrowers whose income levels were unknown.



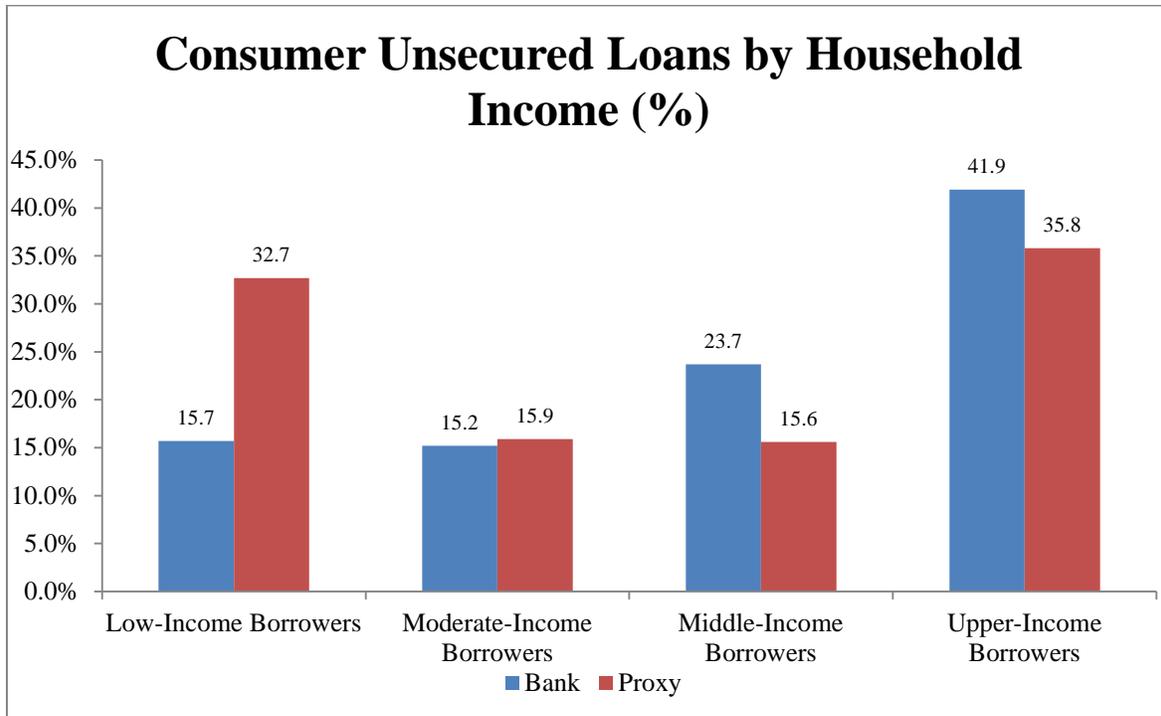
***Consumer Unsecured Loans***

HVB originated 31 (15.7%) of its consumer unsecured loans to low-income borrowers. This was below the percentage (32.7%) of low-income households in the assessment area. Given the area’s high poverty levels and other economic challenges, this reflects a reasonable level of lending to low-income borrowers.

HVB originated 30 (15.2%) of its consumer unsecured loans to moderate-income borrowers. This was comparable to the percentage (15.9%) of moderate-income households in the assessment area and reflects a reasonable level of lending to moderate-income borrowers.

The bank originated 47 (23.7%) and 83 (41.9%) of its consumer unsecured loans to middle- and upper-income borrowers, respectively, compared to the percentages (15.6% and 35.8%, respectively) of middle- and upper-income households in the assessment area.

The bank originated seven (3.5%) of its consumer unsecured loans to borrowers whose income levels were unknown.



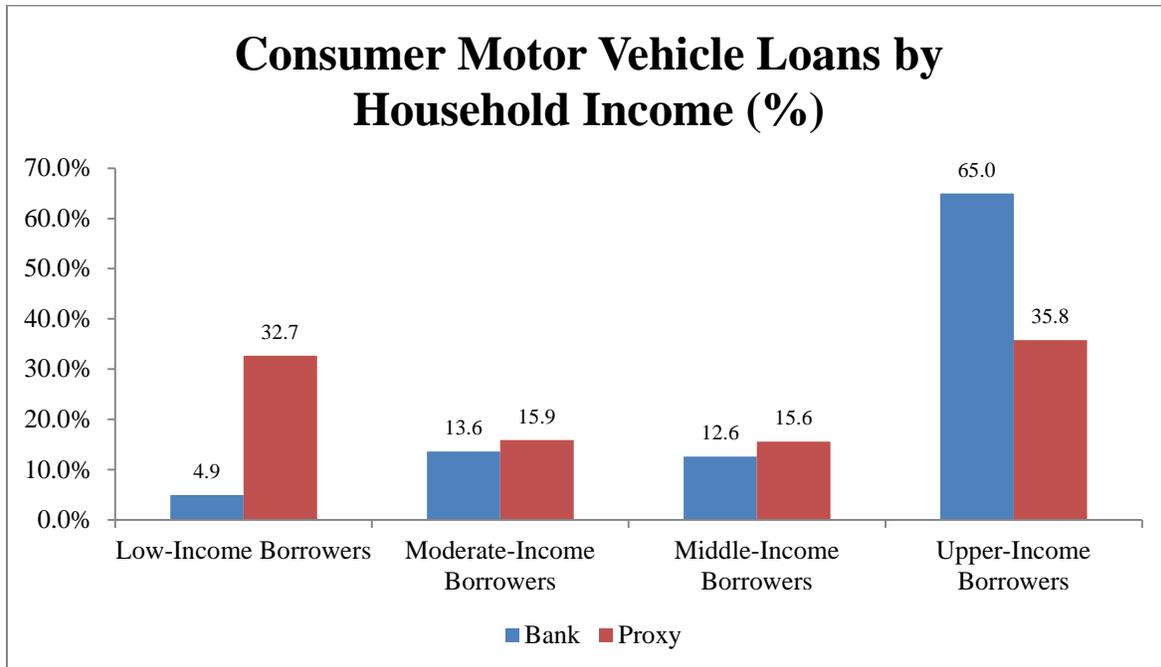
### *Consumer Motor Vehicle Loans*

HVB originated five (4.9%) of its consumer motor vehicle loans to low-income borrowers. This was significantly below the percentage (32.7%) of low-income households in the assessment area and reflects a poor level of lending to low-income borrowers.

HVB originated 14 (13.6%) of its consumer motor vehicle loans to moderate-income borrowers. This was slightly below the percentage (15.9%) of moderate-income households in the assessment area and reflects a reasonable level of lending to moderate-income borrowers.

The bank originated 13 (12.6%) and 67 (65.0%) of its consumer motor vehicle loans to middle- and upper-income borrowers, respectively, compared to the percentages (15.6% and 35.8%, respectively) of middle- and upper-income households in the assessment area.

The bank originated four (3.9%) of its consumer motor vehicle loans to borrowers whose income levels were unknown.



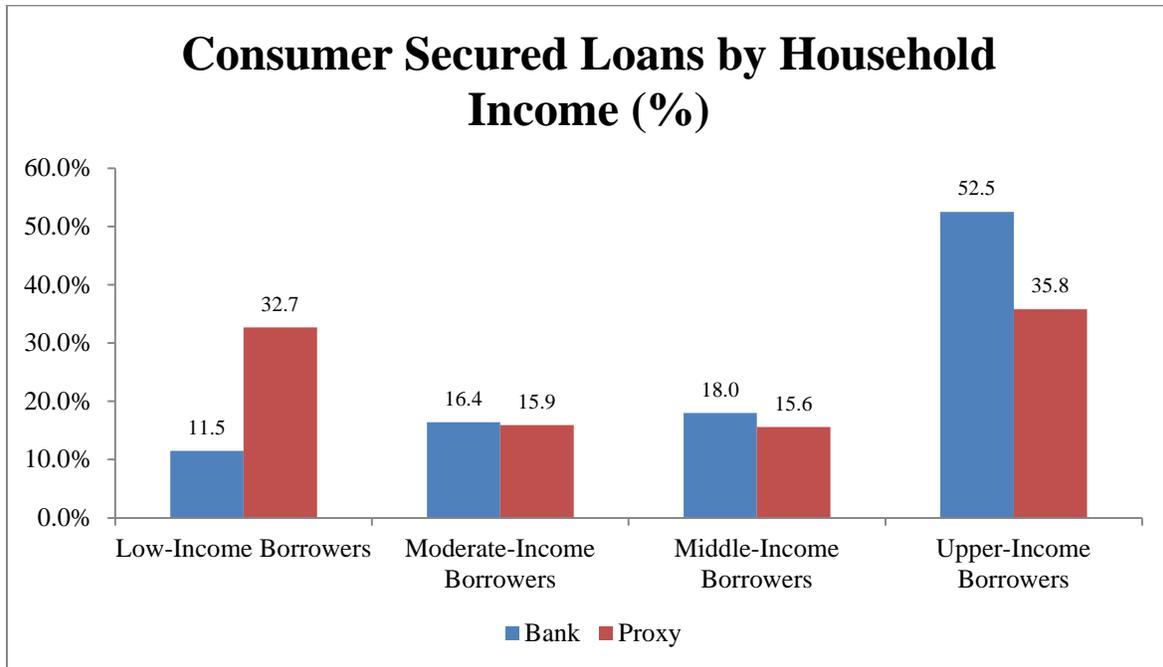
### *Consumer Secured Loans*

HVB originated seven (11.5%) of its consumer secured loans to low-income borrowers. This was below the percentage (32.7%) of low-income households in the assessment area and reflects a poor level of lending to low-income borrowers.

HVB originated 10 (16.4%) of its consumer secured loans to moderate-income borrowers. This exceeded the percentage (15.9%) of moderate-income households in the assessment area and reflects an excellent level of lending to moderate-income borrowers.

The bank originated 11 (18.0%) and 32 (52.5%) of its consumer secured loans to middle- and upper-income borrowers, compared to the percentages (15.6% and 35.8%, respectively) of middle- and upper-income households in the assessment area.

The bank originated one (1.6%) consumer secured loan to a borrower whose income level was unknown.



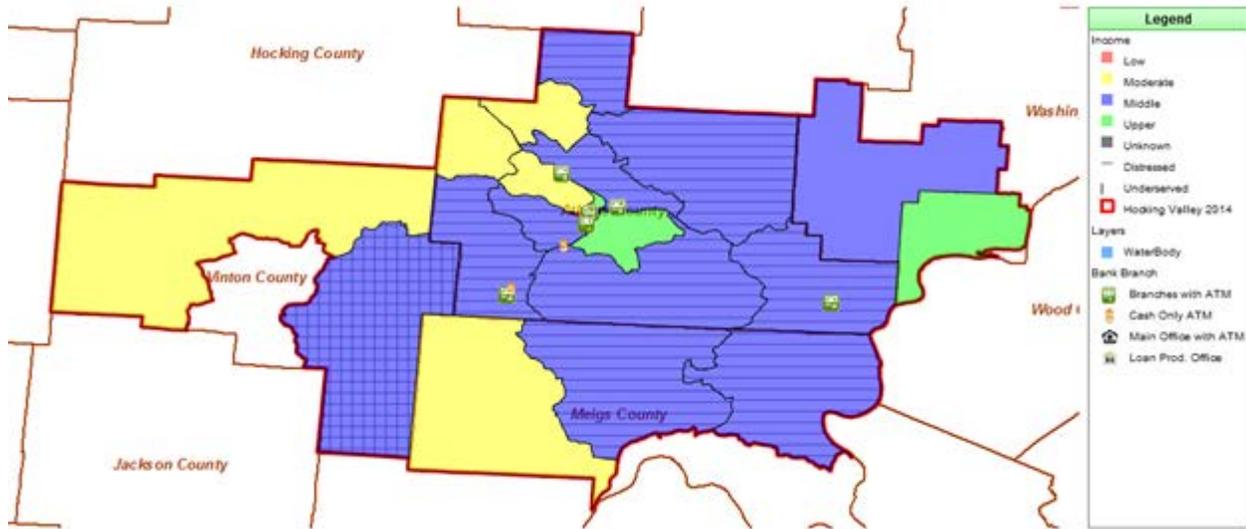
**Response to Consumer Complaints**

No CRA-related complaints were filed against HVB during this review period.

**Fair Lending or Other Illegal Credit Practices Review**

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation period.

### APPENDIX A ASSESSMENT AREA MAP



**APPENDIX B**  
**LENDING TABLES**

**CRA Loan Distribution Table**

Assessment Area/Group: Hocking Valley 2013 2014

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	<b>By Tract Income</b>							
Low	8	4.4%	1,762	5.3%	0	0.0%	0	0.0%
Moderate	35	19.3%	6,917	20.6%	0	0.0%	0	0.0%
Low/Moderate Total	43	23.8%	8,679	25.9%	0	0.0%	0	0.0%
Middle	116	64.1%	19,916	59.4%	0	0.0%	0	0.0%
Upper	22	12.2%	4,931	14.7%	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	181	100.0%	33,526	100.0%	0	0.0%	0	0.0%
	<b>By Revenue</b>							
Total \$1 Million or Less	160	88.4%	29,051	86.7%	0	0.0%	0	0.0%
Over \$1 Million	21	11.6%	4,475	13.3%	0	0.0%	0	0.0%
Not Known	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	181	100.0%	33,526	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size</b>							
\$100,000 or less	104	57.5%	4,274	12.7%	0	0.0%	0	0.0%
\$100,001 - \$250,000	45	24.9%	7,154	21.3%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	26	14.4%	10,896	32.5%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	6	3.3%	11,203	33.4%	0	0.0%	0	0.0%
Total	181	100.0%	33,526	100.0%	0	0.0%	0	0.0%
	<b>By Loan Size and Revenue \$1 Million or Less</b>							
\$100,000 or less	93	58.1%	3,806	13.1%	0	0.0%	0	0.0%
\$100,001 - \$250,000	38	23.8%	6,129	21.1%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	24	15.0%	10,266	35.3%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	5	3.1%	8,849	30.5%	0	0.0%	0	0.0%
Total	160	100.0%	29,051	100.0%	0	0.0%	0	0.0%

\*Information based on 2010 ACS data

### Consumer Loan Distribution Table

Assessment Area/Group : Hocking Valley 2013 2014

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
<b>Consumer Secured</b>								
Low	5	8.2%	59	1.5%	7	11.5%	57	1.5%
Moderate	13	21.3%	187	4.8%	10	16.4%	153	3.9%
Low/Moderate Total	18	29.5%	245	6.3%	17	27.9%	210	5.4%
Middle	35	57.4%	3,407	87.7%	11	18.0%	172	4.4%
Upper	8	13.1%	234	6.0%	32	52.5%	3,499	90.0%
Unknown	0	0.0%	0	0.0%	1	1.6%	6	0.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	61	100.0%	3,886	100.0%	61	100.0%	3,886	100.0%
<b>Consumer Unsecured</b>								
Low	1	0.5%	3	0.2%	31	15.7%	183	12.6%
Moderate	25	12.6%	151	10.4%	30	15.2%	211	14.5%
Low/Moderate Total	26	13.1%	153	10.5%	61	30.8%	394	27.1%
Middle	145	73.2%	1,108	76.2%	47	23.7%	452	31.1%
Upper	27	13.6%	193	13.3%	83	41.9%	582	40.1%
Unknown	0	0.0%	0	0.0%	7	3.5%	25	1.7%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	198	100.0%	1,454	100.0%	198	100.0%	1,454	100.0%
<b>Home Equity</b>								
Low	0	0.0%	0	0.0%	5	12.5%	310	13.7%
Moderate	4	10.0%	160	7.1%	5	12.5%	345	15.2%
Low/Moderate Total	4	10.0%	160	7.1%	10	25.0%	655	28.9%
Middle	33	82.5%	2,009	88.5%	11	27.5%	868	38.3%
Upper	3	7.5%	100	4.4%	14	35.0%	566	25.0%
Unknown	0	0.0%	0	0.0%	5	12.5%	180	7.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	40	100.0%	2,269	100.0%	40	100.0%	2,269	100.0%
<b>Motor Vehicle</b>								
Low	1	1.0%	8	0.6%	5	4.9%	60	4.1%
Moderate	20	19.4%	303	20.6%	14	13.6%	149	10.1%
Low/Moderate Total	21	20.4%	311	21.1%	19	18.4%	209	14.2%
Middle	64	62.1%	894	60.8%	13	12.6%	186	12.6%
Upper	18	17.5%	266	18.1%	67	65.0%	1,020	69.4%
Unknown	0	0.0%	0	0.0%	4	3.9%	55	3.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	103	100.0%	1,470	100.0%	103	100.0%	1,470	100.0%
<b>Residential Loans</b>								
Low	0	0.0%	0	0.0%	24	14.4%	3,223	14.7%
Moderate	30	18.0%	4,656	21.2%	39	23.4%	4,956	22.6%
Low/Moderate Total	30	18.0%	4,656	21.2%	63	37.7%	8,179	37.2%
Middle	124	74.3%	15,384	70.1%	26	15.6%	3,428	15.6%
Upper	13	7.8%	1,918	8.7%	71	42.5%	8,990	40.9%
Unknown	0	0.0%	0	0.0%	7	4.2%	1,363	6.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	167	100.0%	21,959	100.0%	167	100.0%	21,959	100.0%
<b>Consumer Loan Totals</b>								
Low	7	1.2%	69	0.2%	72	12.7%	3,833	12.3%
Moderate	92	16.2%	5,456	17.6%	98	17.2%	5,814	18.7%
Low/Moderate Total	99	17.4%	5,525	17.8%	170	29.9%	9,647	31.1%
Middle	401	70.5%	22,802	73.5%	108	19.0%	5,105	16.4%
Upper	69	12.1%	2,711	8.7%	267	46.9%	14,657	47.2%
Unknown	0	0.0%	0	0.0%	24	4.2%	1,629	5.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	569	100.0%	31,038	100.0%	569	100.0%	31,038	100.0%

## 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.