

PUBLIC DISCLOSURE

April 4, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Killbuck Savings Bank Company
RSSD# 1017425

165 North Main Street
Killbuck, Ohio 44637

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: Satisfactory

The Lending Test is rated: Satisfactory

The Community Development Test 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 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 area;
- 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 and farms reflects a reasonable penetration among businesses and farms of different revenue sizes given the demographics of the assessment areas;
- There were no CRA-related complaints filed against the bank since the previous CRA examination; and,
- The bank's community development performance demonstrates an adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities in the bank's assessment area.

The previous CRA examination conducted January 14, 2013 resulted in a rating of "Satisfactory."

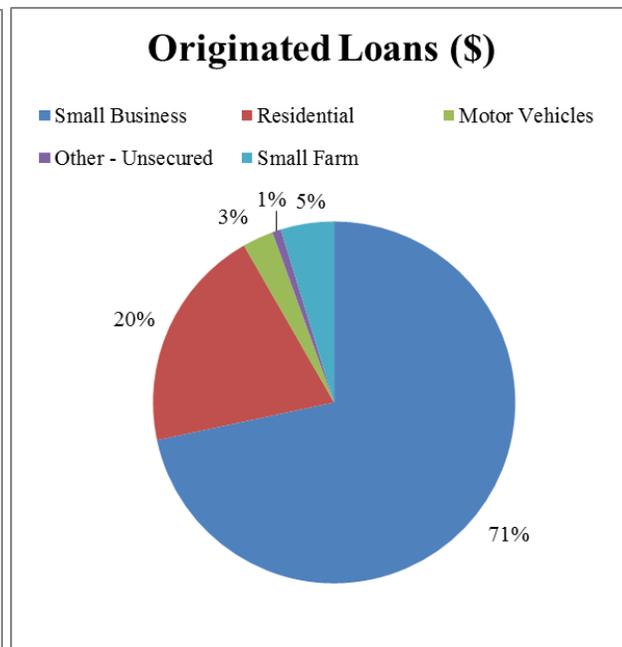
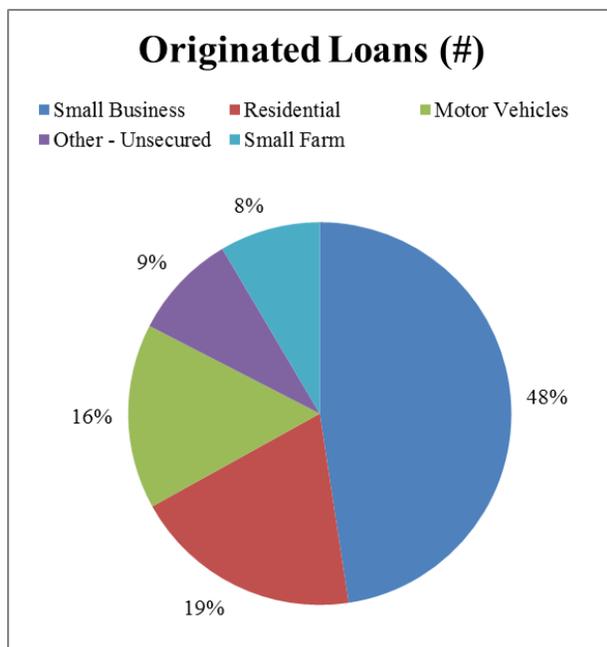
SCOPE OF EXAMINATION

The Killbuck Savings Bank Company’s (Killbuck) Community Reinvestment Act (CRA) performance was evaluated using the interagency intermediate small bank examination procedures under Regulation BB.

Killbuck’s performance was evaluated based on lending data for the period of December 1, 2014 to November 30, 2015 and community development activities from January 14, 2013 through April 4, 2016. The loan products evaluated included small business, residential, consumer (comprised of motor vehicle and other unsecured), and small farm loans.

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

Loan Type	Number of Loans	Dollar Amount of Loans (000s)
Small Business	773	117,641
Residential	314	32,928
Motor Vehicles	254	4,530
Other - Unsecured	145	1,266
Small Farm	138	7,818
Total	1,624	164,184



Based on total loan volume by number and dollar amount and the composition of the loan portfolio, small business loans received the greatest weight, followed by residential, motor vehicle, small farm, and other unsecured.

For the purpose of this evaluation, borrower distribution under the lending test received greater weight than geographic distribution due to the total assessment area comprising mostly of middle-income geographies, as there are no low-income census tracts and a limited number of moderate-income census tracts.

In some cases, information for originated loans was not provided and therefore, the loan volumes used for borrower distribution are based on a sample of originated loans and are lower than the number of originated loans listed above.

The size and financial condition of the institution, lending opportunities within the assessment area, and competition with other institutions were also considered in the bank's performance context.

DESCRIPTION OF INSTITUTION

The Killbuck Savings Bank Company is the banking subsidiary of Killbuck Bancshares, Inc., and is located in Killbuck, Ohio. As of December 31, 2015, Killbuck reported \$491 million in total assets, which is an increase of 7.2% since the previous CRA evaluation. The increase in assets is due to an increase in residential and commercial loans.

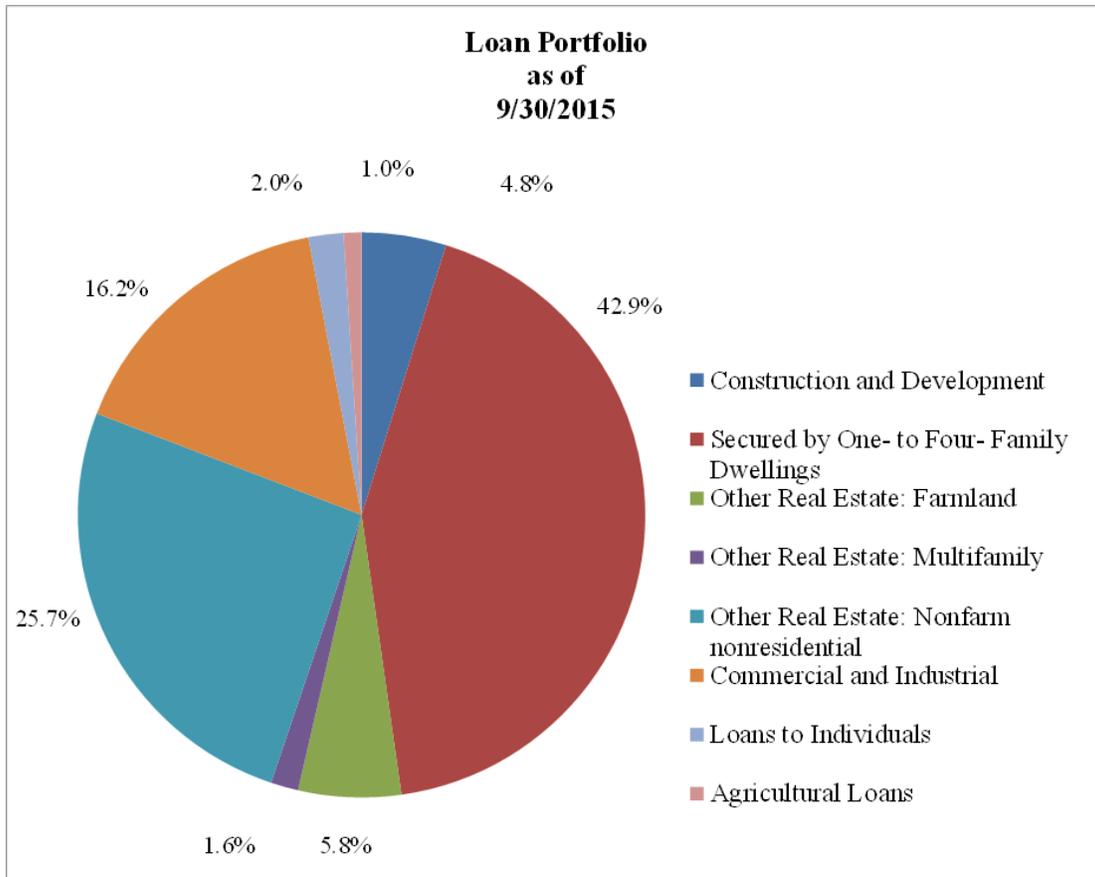
Killbuck is a full-service retail bank offering commercial, agricultural, and consumer deposit and loan products. Since the previous evaluation, Killbuck has not opened or closed any branch offices or ATMs. Customers are serviced through Killbuck's main office and eight other offices located throughout the assessment area. The main office is located in a middle-income tract in the Village of Killbuck in Holmes County. Killbuck has five other offices located in Holmes County: one in Millersburg located in a moderate-income tract; one in Berlin located in a middle-income tract; and three in Millersburg located in middle-income census tracts. Killbuck also has two offices located in Knox County: one in Danville located in a middle-income tract and one in Howard located in an upper-income tract. Killbuck also has one office located in a middle-income tract in Sugarcreek in Tuscarawas County. The bank also operates a loan production office in Millersburg, along with nine full-service ATMs throughout the assessment area.

As of December 31, 2015, net loans and leases represent \$287 million, which is 58.4% of total assets. Net loans and leases increased by 22.1% since the previous CRA evaluation.

The following table and chart shows the composition of Killbuck's loan portfolio as of September 30, 2015.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	9/30/2015		12/31/2014		12/31/2013	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	13,785	4.8%	17,841	6.7%	13,788	5.6%
Secured by One- to Four- Family Dwellin	122,870	42.9%	117,263	44.2%	110,319	44.6%
Other Real Estate: Farmland	16,733	5.8%	14,117	5.3%	11,596	4.7%
Other Real Estate: Multifamily	4,494	1.6%	2,801	1.1%	3,198	1.3%
Other Real Estate: Nonfarm nonresident	73,478	25.7%	68,834	26.0%	63,946	25.9%
Commercial and Industrial	46,219	16.2%	36,449	13.8%	37,037	15.0%
Loans to Individuals	5,697	2.0%	5,297	2.0%	5,154	2.1%
Agricultural Loans	2,906	1.0%	2,402	0.9%	2,264	0.9%
<i>Total</i>	<i>\$286,182</i>	<i>100.00%</i>	<i>\$265,004</i>	<i>100.00%</i>	<i>\$247,302</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



Killbuck’s investment portfolio as of December 31, 2015 was \$171 million, which represented 34.8% of total assets. The investment portfolio primarily consists of U.S. Treasuries and Agencies and municipal securities, which account for 64.4% and 26.8%, respectively. The remaining investments are interest-bearing bank balances and federal funds sold and resales.

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

DESCRIPTION OF ASSESSMENT AREA

Killbuck has one assessment area within Ohio that includes all six census tracts of Holmes County, eight census tracts in eastern Knox County, one census tract in southern Ashland County, seven census tracts in southern Wayne County, four census tracts in western Tuscarawas County, and three census tracts in northern Coshocton County. Partial counties were taken with the exception of Holmes County, as they are furthest away from any branch locations with little or no lending activity. All counties are located within the non-metropolitan statistical area in Ohio.

Killbuck's assessment area consists of 31 census tracts. Specifically, the assessment area contains three moderate-, 26 middle-, and two upper-income census tracts. The bank's main office and six other branches are located in middle-income census tracts. One branch is located in a moderate-income census tract and another is located in an upper-income census tract. None of the middle-income tracts are designated as distressed or underserved.

According to the 2010 U.S. Census Bureau Report, Wayne County has the largest population of all counties in the assessment area. Wooster is the county seat of Wayne County with a population of 114,520. Tuscarawas County is mostly rural and is comprised of 94.1% cropland, pasture, and forest, with a population of 92,582. Knox, Ashland, and Coshocton Counties are also mostly rural, with populations of 60,921, 53,139 and 36,901, respectively. Only a small portion of these counties are included in Killbuck's delineated assessment area, as the majority of these populations do not reside within reasonable proximity to Killbuck's branch offices.

Holmes County is located due south of Wayne County and is also a heavily agricultural area. Millersburg is the largest village and county seat in Holmes County. The county had a population of 42,366 according to the 2010 U.S. Census. Killbuck's assessment area has a unique characteristic that could impact its level of lending and the provision of services extended through the assessment area, as a significant portion of the Amish community resides in Holmes County and extends into each of the surrounding five counties. The population of Amish residents is approximately 40,000, making it one of the largest Amish communities in the world.¹ Amish beliefs and traditions espouse minimal reliance on modern mechanization, personal goods, and services.

¹ <http://www.ohioamishcountry.com/>

As of June 30, 2015, the Federal Deposit Insurance Corporation (FDIC) reported 29 insured financial institutions operating within Ashland, Coshocton, Holmes, Knox, Tuscarawas, and Wayne Counties. The FDIC’s market share report indicates that Killbuck ranked seventh, holding 7.2% of the market share of deposits.² The following table illustrates the deposit market share for the top 10 financial institutions in the counties.

#	Financial Institution	Deposit Market Share
1	PNC Bank, National Association	14.3%
2	The Park National Bank	11.9%
3	The Commercial and Savings Bank of Millersburg, Ohio	8.3%
4	JPMorgan Chase Bank, National Association	8.1%
5	Firstmerit Bank, National Association	8.0%
6	The Huntington National Bank	8.0%
7	The Killbuck Savings Bank Company	7.2%
8	The Farmers National Bank of Canfield	5.5%
9	Wayne Savings Community Bank	5.2%
10	First Federal Community Bank, National Association	4.1%

Community Contacts

Two community contact interviews were conducted to provide additional information regarding the credit needs and context to demographic and economic conditions of the local community. One community contact was with a higher learning institution. According to the contact, current economic conditions among large employers show that employment is stable despite fluctuations in manufacturing employment. The contact stated that a large manufacturing company just announced plans to lay off a significant portion of the plant's workforce and is contemplating future plans to close the plant in Mt. Vernon in Knox County, which could impact local economic conditions. Layoffs are estimated to be completed by September 2016. The recent announcement by a major manufacturing company poses a potential problem. The agriculture sector is also significant in Knox County and has provided more economic stability than manufacturing. According to the contact, local financial institutions are active in the community and are active in sponsorships and seminars.

The second contact was with an organization that focuses on job creation and job retention through tax incentives. According to the contact, the manufacturing and agriculture sectors comprise a large portion of the county, including hardwood manufacturing from the Amish. Historically, Holmes County has experienced relatively low unemployment. The contact stated a number of expansion projects are in process including the creation of a large manufacturing facility to be in production by mid-May 2016. The new facility will retain 35 jobs and create an additional 15 jobs. The contact stated there is a shortage of manufacturing and warehousing

² <http://www2.fdic.gov/sod/sodMarketBank.asp>

space for growing businesses, as there is a lack of infrastructure in the area to support new growth. In addition, local banks have been active in the community through volunteering and giving money and lending representatives are active members of the organization’s board.

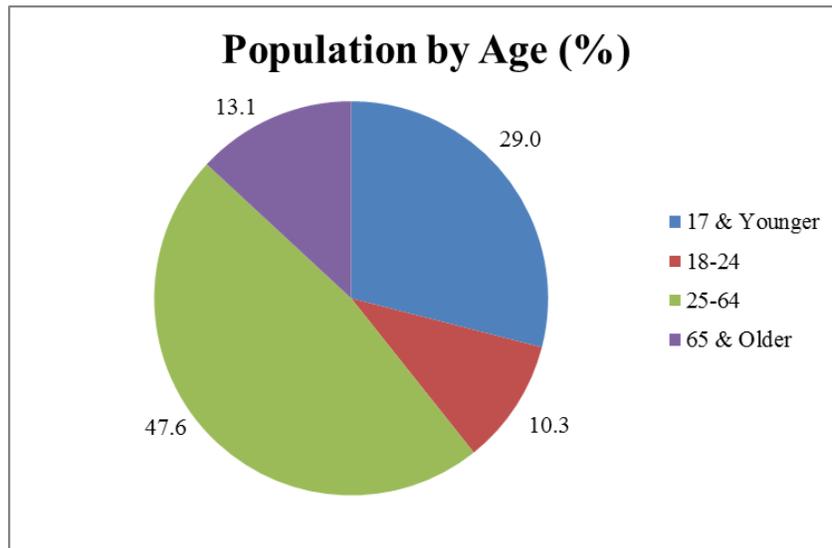
Population

According to the 2010 U.S. Census Bureau Report, the total population in the assessment area was 147,166. The following table shows the 2010 and estimated 2015 population of the six counties within Killbuck’s assessment area, as well as the estimated population change.³ The population growth estimates shows that modest population gains are seen for segments of the assessment area except for Coshocton County, which has experienced a slight population loss.

County	2010 Population	2015 Population	Population Percent Change
Ashland	53,139	53,213	0.1%
Coshocton	36,901	36,569	-0.9%
Holmes	42,366	43,909	3.6%
Knox	60,921	61,061	0.2%
Tuscarawas	92,582	92,916	0.4%
Wayne	114,520	116,063	1.3%
Total	400,429	403,731	

The majority of the assessment area population resides in middle-income tracts 83.9%, approximately 9.7% in moderate-income tracts, and 6.5% in upper-income tracts.

Based on 2010 U.S. Census Bureau data, the population by age is distributed as follows:



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

Approximately 29.0% of the population is under 18, while approximately 57.9% of the population is between the ages of 18 and 64, the legal age to enter into a contract and the prime ages when individuals are generally in need of loans.

Income Characteristics

According to 2010 U.S. Census data, the median family income for the assessment area was \$52,485. This is below Ohio’s median family income of \$59,680. Based on 2015 U.S. Department of Housing and Urban Development (HUD) data, the median family income in the assessment area increased to \$56,900 from \$55,700 in 2014.⁴

The assessment area contains 49,206 households, of which 36,275 were designated as families. Low- and moderate-income families represent 16.3% and 20.0% of all families in the assessment area, respectively. Approximately 9.0% of families in the assessment area are below the poverty level compared to 10.3% of families in Ohio. According to data from the Economic Research Service of the U.S. Department of Agriculture (USDA),⁵ 2014 poverty rates for the counties in Killbuck’s assessment area were as follows:

County	2010	2014	Change
Ashland	15.6%	14.6%	-6.4%
Coshocton	20.4%	18.1%	-11.3%
Holmes	16.5%	12.4%	-24.8%
Knox	16.5%	15.1%	-8.5%
Tuscarawas	14.7%	13.4%	-8.8%
Wayne	12.6%	13.9%	10.3%
Ohio	15.8%	15.8%	0.0%
United States	15.3%	15.5%	1.3%

As illustrated in the chart above, 2014 poverty rates in Ashland, Holmes, Knox, Tuscarawas, and Wayne Counties were below the rates for Ohio and the U.S. In addition, all counties experienced a decrease in poverty rates from 2010 to 2014, while Wayne County experienced an increase of 10.3%. In 2014, 18.1% of Coshocton County’s population was in poverty, which was higher than all other counties in the assessment area, Ohio, and the U.S. This relatively high poverty rate could indicate that individuals, especially those that are low- or moderate-income, may have difficulty in having enough financial resources to obtain loans.

4 <http://www.huduser.gov/portal/datasets/il.html>

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

Labor, Employment and Economic Characteristics

The following table illustrates the percentage of land use in each county in the assessment area:⁶

County	Urban	Cropland	Pasture	Forest	Open Water	Bare Mines	Wetlands
Ashland	2.3%	48.0%	11.0%	37.2%	0.3%	0.0%	1.2%
Coshocton	1.5%	19.7%	12.8%	64.9%	0.7%	0.0%	0.4%
Holmes	0.6%	28.9%	18.4%	51.1%	0.1%	0.0%	0.9%
Knox	3.5%	43.7%	12.7%	39.1%	0.3%	0.0%	0.7%
Tuscarawas	4.8%	20.4%	10.3%	63.4%	0.8%	0.3%	0.1%
Wayne	5.3%	59.6%	11.6%	22.5%	0.3%	0.0%	0.6%

As indicated above, a substantial combined land usage of all counties in the assessment area is cropland and forest. Ashland, Coshocton, and Wayne Counties have the highest percentage, which may impact Killbuck’s opportunities for certain types of lending.

The following table shows the five primary employment sectors by the largest industries by average employment and major employers for each of the counties in the assessment area.⁷

⁶ http://www.development.ohio.gov/reports/reports_countytrends_map.htm

County	Primary Employment Sectors	Major Employers
Ashland	Education & Health Services; Manufacturing; Trade, Transportation & Utilities; Local Government; Leisure & Hospitality	Ashland City Schools, Ashland University, Hedstrom Plastics, Mansfield Plumbing Products LLC, McGraw-Hill Companies, Pentair Pump Group Inc, Samaritan Regional Health System, Snyder's-Lance Inc, Step2Co, Wil Research Laboratories LLC
Coshocton	Manufacturing; Trade, Transportation and Utilities; Education & Health Services; Local Government; Professional & Business Services	AK Steel Holding Corp; American Electric Power Co, Coshocotn City Schools, Coshocotn County Government, Coshocotn County Memorial Hospital, Kraft Foods Inc, McWane Corp/Clow Water Systems, Riverview Local Schools, RockTenn CP, LLC
Holmes	Manufacturing; Trade, Transportation and Utilities; Construction; Local Government; Leisure & Hospitality	Case Foods Inc; Centor Inc; East Holmes Local Schools, International Automotive, Overhead Door/Wayne-Dalton, Pomerene Hospital, Sperry & Rice Mfg Co LLC, Weaver Leather Goods Inc, West Holmes Local Schools
Knox	Manufacturing; Education & Health Services; Trade, Transportation and Utilities; Local Government; Leisure & Hospitality	Ariel Ltd., FT Precision, JELD-WEN Inc, Kenyon College, Knox Community Hospital, Kokosing Construction Co, Mount Vernon Nazarene University, Mt Vernon City Schools, Rolls-Royce plc, Sanoh America Inc
Tuscarawas	Manufacturing; Trade, Transportation and Utilities; Education & Health Services; Local Government; Leisure & Hospitality	Alamo Group/Gradall Industries, Allied Machine & Engineering, Dover City Schools, Lauren Manufacturing, Marlite, Inc., New Philadelphia City Schools, Union Hospital, Wal-Mart Stores Inc, Zimmer Orthopedic
Wayne	Manufacturing; Trade, Transportation and Utilities; Education & Health Services; Local Government; Leisure & Hospitality	Buehler Food Markets Inc, College of Wooster, Frito-Lay Inc, JLG Industries, JM Smucker Co, LuK Inc, State of Ohio, Will-Burt Co, Wooster Brush Co, Wooster City Schools, Wooster Community Hospital, Worthington Ind/Gerstenslager Co

The following table shows the 2014 and 2015 average annual unemployment rates for counties in the assessment area and reflects an increasing trend over the two-year period, with the largest increase in Coshocton and Knox Counties.

Unemployment Rates
Assessment Area: Killbuck Savings Banking Company

Area	Years - Annualized	
	2014	2015
Ashland Co.	5.0	4.8 (P)
Coshocton Co.	5.8	6.1 (P)
Holmes Co.	3.1	3.3 (P)
Knox Co.	4.3	4.6 (P)
Tuscarawas Co.	4.8	5.2 (P)
Wayne Co.	3.8	3.7 (P)
Ohio	4.7	4.4 (P)
National	5.4	4.8 (P1)

Not Seasonally Adjusted

P: Preliminary as of November 2015

P1: Preliminary as of December 2015

Housing Characteristics

There were 54,528 housing units in the assessment area, based on the 2010 U.S. Census. Within the assessment area, 70.0% of the units were owner-occupied, 20.3% were rental units, and 9.8% were vacant. The owner-occupancy rate is higher than Ohio's rate of 61.7%. From an income perspective, the income tract distribution of housing is 9.9% in moderate-income tracts, 80.8% in middle-income tracts, and 9.3% in upper-income census tracts.

The median age of the housing stock in the assessment area was 39 years in comparison to the median statewide age of 44 years. The median age of housing was 50 years in moderate-, 40 years in middle-, and 19 years in upper-income census tracts. The age of the housing stock is slightly below Ohio and may indicate minimal opportunities for home improvement type lending.

The median housing value in the assessment area is \$137,889, with an affordability ratio of 32.7%. The higher the affordability ratio, the more affordable a home is considered. The housing affordability ratio is calculated by dividing median household income by median housing value. The housing stock in the assessment area was slightly less affordable than Ohio at 34.7%. Furthermore, based on the 2010 median family income for this non-metropolitan area, approximately 32.2% of the homes valued up to \$104,286 in the assessment area would be considered affordable for low-income individuals and 62.9% of the homes valued up to \$166,857 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 RealtyTrac,⁷ all counties in Killbuck’s assessment area had lower ratios of properties in foreclosure than Ohio. The table below depicts homes that were in foreclosure in February 2016 for all counties in the assessment area, Ohio and the nation.

Geography Name	Ratio of Properties Receiving Foreclosure Filings in (February, 2016)
Ashland	1:1,412
Coshocton	1:1,272
Holmes	1:1,994
Knox	1:1,038
Tuscarawas	1:2,015
Wayne	1:2,083
Ohio	1:1,033
United States	1:1,346

According to Sperlings Best Places,⁸ 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. The cost of living in the majority of counties in Killbuck’s assessment area is similar to the cost of living for Ohio at 88.2%, with the exception of Holmes and Knox Counties.

County	Median Home Cost	Housing Appreciation	Cost of Living
Ashland	\$119,000	-0.8%	87.1%
Coshocton	\$88,100	-0.8%	84.7%
Holmes	\$149,600	-0.8%	95.1%
Knox	\$133,800	-0.7%	92.4%
Tuscarawas	\$113,300	-0.8%	88.5%
Wayne	\$121,100	-0.7%	88.5%
Ohio	\$112,400	0.5%	88.2%

The median gross rent in the assessment area was \$595, with 14.5% of the rents under \$350 a month, according to the 2010 U.S. Census. The majority of rents (32.0%) were between \$500 to \$699 per month. The median gross rent in the county was lower than Ohio’s rate of \$678. Additionally, 37.0% of renters have rent cost greater than 30.0% of their income, while 20.3% of all housing units in the assessment area are rental units.

The following table illustrates the demographics of the assessment area.

⁷ www.realtytrac.com

⁸ <http://bestplaces.net>

Combined Demographics Report

Assessment Area(s): Killbuck 2015

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	5,900	16.3
Moderate-income	3	9.7	3,174	8.7	575	18.1	7,271	20
Middle-income	26	83.9	30,143	83.1	2,539	8.4	8,645	23.8
Upper-income	2	6.5	2,958	8.2	144	4.9	14,459	39.9
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	31	100.0	36,275	100.0	3,258	9.0	36,275	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	5,413	3,127	8.2	57.8	1,833	33.9	453	8.4
Middle-income	44,047	31,743	83.2	72.1	8,273	18.8	4,031	9.2
Upper-income	5,068	3,293	8.6	65	937	18.5	838	16.5
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	54,528	38,163	100.0	70.0	11,043	20.3	5,322	9.8
	Total Businesses by Tract	Businesses 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	549	8.7	492	8.6	51	10.9	6	6.6
Middle-income	5,307	84.3	4,835	84.3	390	83	82	90.1
Upper-income	442	7	410	7.1	29	6.2	3	3.3
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	6,298	100.0	5,737	100.0	470	100.0	91	100.0
Percentage of Total Businesses:				91.1		7.5		1.4
	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	20	2.6	20	2.6	0	0	0	0
Middle-income	737	95.5	733	95.4	4	100	0	0
Upper-income	15	1.9	15	2	0	0	0	0
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	772	100.0	768	100.0	4	100.0	0	.0
Percentage of Total Farms:				99.5		.5		.0

2015 FFIEC Census Data and 2015 D&B Information

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

Killbuck's overall performance under the lending test is considered satisfactory. The loan-to-deposit ratio is reasonable and the bank made a substantial majority of loans in its assessment area. Geographic and borrower distribution is also considered reasonable.

Killbuck's performance with respect to borrower distribution received greater weighting than the geographic dispersion of loans, due to the lack of low-income tracts and minimal moderate-income tracts in the assessment area. The greatest consideration, based on volume by number and dollar amount, was given to small business loans, followed by residential, motor vehicle, other unsecured, and small farm loans, respectively. Details of Killbuck's small business, small farm, 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 loan-to-deposit ratios and dividing the total by the number of quarters.

The following table shows Killbuck's quarterly LTD ratios for the previous 12 quarters since the prior evaluation, along with the average LTD ratios for two local peer banks for the same period. The custom peer LTD ratio is the combined aggregate LTD ratio for both peer banks.

Killbuck Savings Bank Loan-to-Deposit Ratios				
AS OF DATE	KILLBUCK SVGS BK CO	COMMERCIAL & SVG BK	WAYNE SVG CMNTY BK	CUSTOM PEER
September 30, 2015	65.87	80.67	79.60	80.14
June 30, 2015	66.21	82.50	77.03	79.77
March 31, 2015	64.13	83.56	76.32	79.94
December 31, 2014	61.17	81.19	75.65	78.42
September 30, 2014	60.53	82.98	75.05	79.02
June 30, 2014	60.08	84.04	74.19	79.12
March 31, 2014	58.54	86.10	77.23	81.67
December 31, 2013	59.12	77.68	76.81	77.25
September 30, 2013	59.87	77.28	78.41	77.85
June 30, 2013	59.45	80.49	74.89	77.69
March 31, 2013	58.56	80.41	75.18	77.80
December 31, 2012	58.31	75.66	75.09	75.38
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	60.99	81.05	76.29	78.67

Killbuck's LTD ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The bank has averaged 61.0% over the past 12 quarters of operation and is below the custom peer group average ratio of 78.7%.⁹ Killbuck's ratio performance indicates a steady increase since the previous examination.

Lending in the Assessment Area

Killbuck's small business, small farm, and consumer loans were analyzed to determine the volume of lending inside and outside the bank's assessment area. The following table shows the distribution of loans made inside and outside the bank's assessment area and shows that a substantial majority of the bank's loans were originated inside the assessment area by both number (94.2%) and dollar amount (90.9%).

Lending Inside and Outside the Assessment Area

Loan Type - Description	Inside				Outside				Total	
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	\$(000s)
MV - Motor Vehicle	235	92.5	4,331	95.6	19	7.5	199	4.4	254	4,530
OU - Other - Unsecured	143	98.6	1,247	98.5	2	1.4	19	1.5	145	1,266
RL - Residential Loans	290	92.4	30,389	92.3	24	7.6	2,540	7.7	314	32,928
Total Consumer-related	668	93.7	35,967	92.9	45	6.3	2,758	7.1	713	38,725
SB - Small Business	728	94.2	106,181	90.3	45	5.8	11,460	9.7	773	117,641
Total Small Bus.-related	728	94.2	106,181	90.3	45	5.8	11,460	9.7	773	117,641
SF - Small Farm	134	97.1	7,138	91.3	4	2.9	679	8.7	138	7,818
Total Small Farm-related	134	97.1	7,138	91.3	4	2.9	679	8.7	138	7,818
TOTAL LOANS	1,530	94.2	149,286	90.9	94	5.8	14,898	9.1	1,624	164,184

Geographic Distribution of Lending

Killbuck's geographic distribution of lending is reasonable. Further, the bank made loans in all of its tracts in this assessment area during the evaluation period with the exception of one tract. The census tract was located at the edge of the assessment area, geographically far from most branches. The following chart depicts the total loans originated by each tract income level and the number and percentage of census tracts with no lending activity.

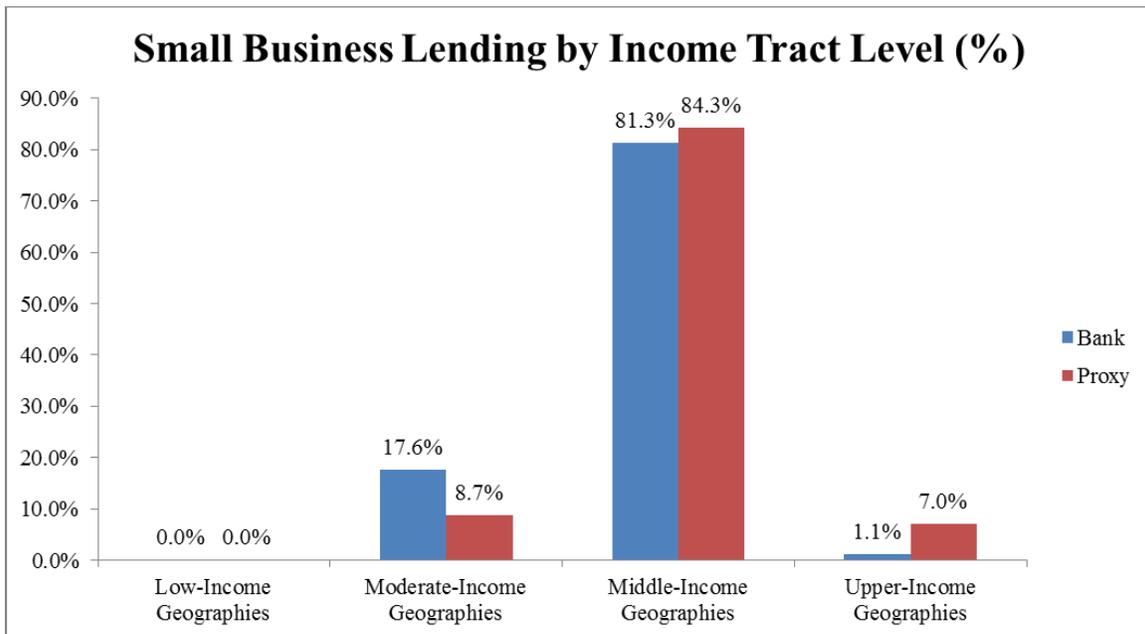
Total Loan Types Originated in Assessment Area by Tract Income Level					
Geographies	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
# (%) of Tracts in Assessment Area	NA	3 (9.7%)	26 (83.9%)	2 (6.5%)	31
# (%) of Total Originated Loans	NA	194 (12.7%)	1319 (86.2%)	17 (1.1%)	1,530
# (%) of Tracts with Lending	NA	2 (66.0%)	26 (100.0%)	2 (100.0%)	30
# (%) of Tracts without Lending	NA	1 (33.0%)	0 (0.0%)	0 (0.0%)	1

The chart indicates that Killbuck is penetrating middle- and upper-income tracts at a slightly higher rate than the moderate-income tracts. The majority of the bank’s branches are located in middle-income tracts. Considering that Killbuck holds 7.2% of the market share in the area, combined with banking competition, it may be more difficult to extend loans, especially in those census tracts that are furthest away from the bank’s branch locations.

Small Business Lending

Killbuck originated 728 small business loans in the assessment area during the review period. Of the 728 loans, 128 loans were made in moderate-, 592 loans in middle-, and eight loans in upper-income census tracts. Killbuck’s performance was compared to the number of businesses within the assessment area (proxy).

As shown in the graph below, Killbuck’s performance of lending was well above proxy in moderate-, slightly below proxy in middle-, and below proxy in upper-income tracts. Overall, Killbuck’s geographic distribution for small business loans is considered excellent.

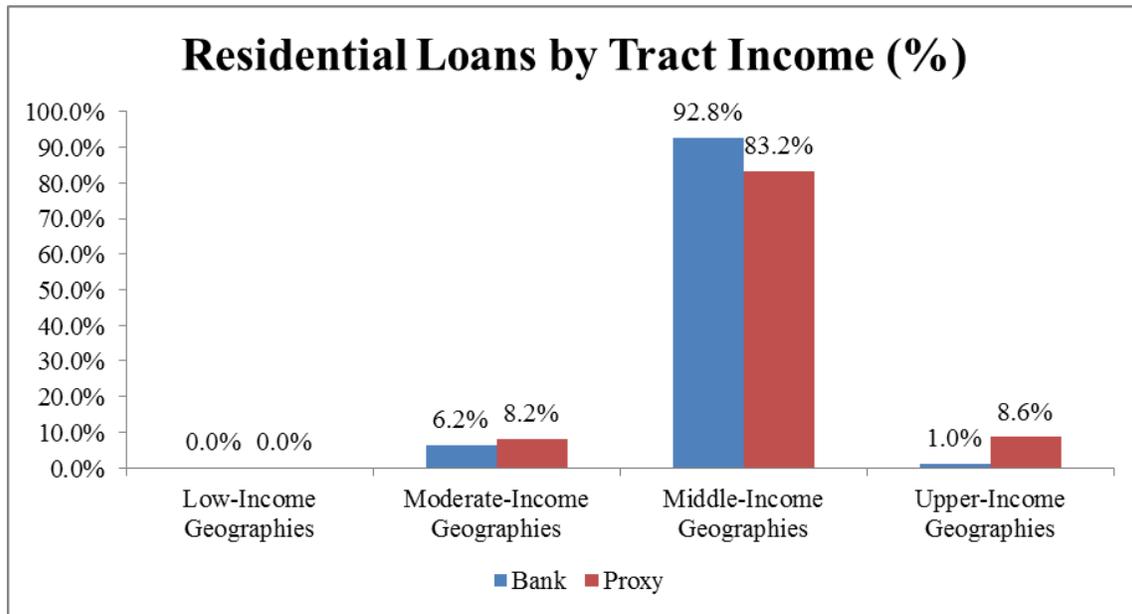


Consumer Lending

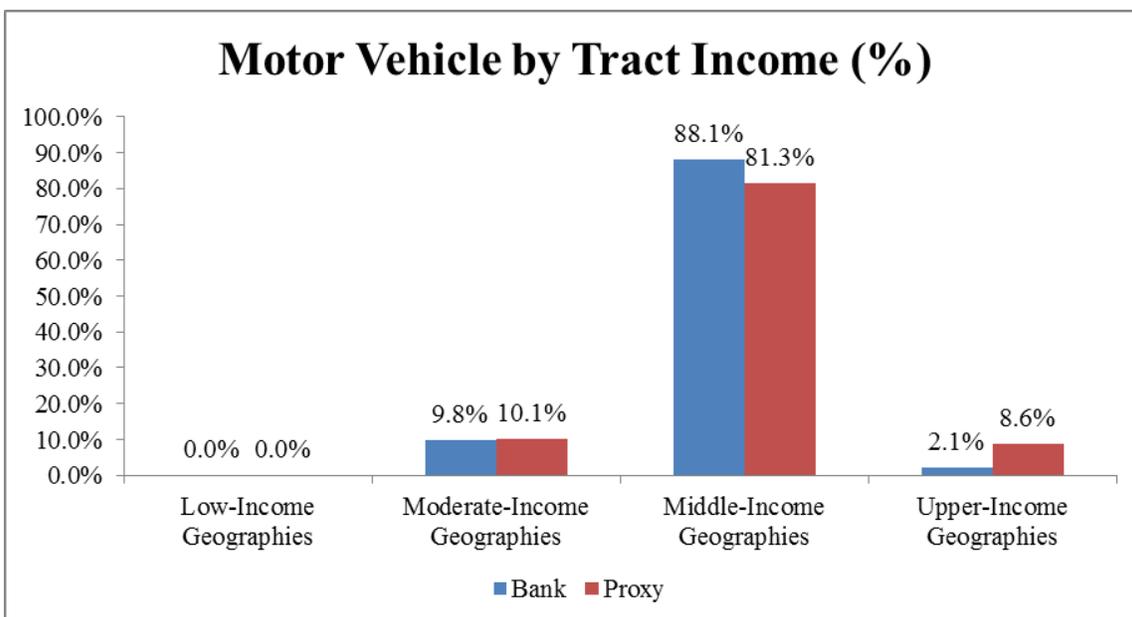
Killbuck originated a total of 668 consumer loans in the assessment area during the evaluation period, which is comprised of 235 (35.2%) motor vehicle, 143 (21.4%) other unsecured, and 290 (43.4%) residential loans. Of the 668 loans, 6.7% of the loans were made in moderate-, 91.9% in middle-, and 1.3% in upper-income census tracts. Killbuck’s geographic distribution performance was compared to the number of households in the assessment area (proxy) for motor vehicle and other unsecured and the number of owner-occupied housing units in the assessment (proxy) for residential loans. Poverty levels, competition, and general economic conditions in the assessment area were also considered, which could limit lending opportunities. Overall, the geographic distribution for consumer lending is considered good.

Residential Lending

As shown in the graph below, Killbuck performed slightly below proxy in moderate- and significantly below proxy in upper-income tracts and above proxy in middle-income tracts. The lack of available housing in moderate-income tracts due to rental and vacant units may contribute to minimal lending in these areas. Killbuck’s geographic distribution for residential lending is considered good.

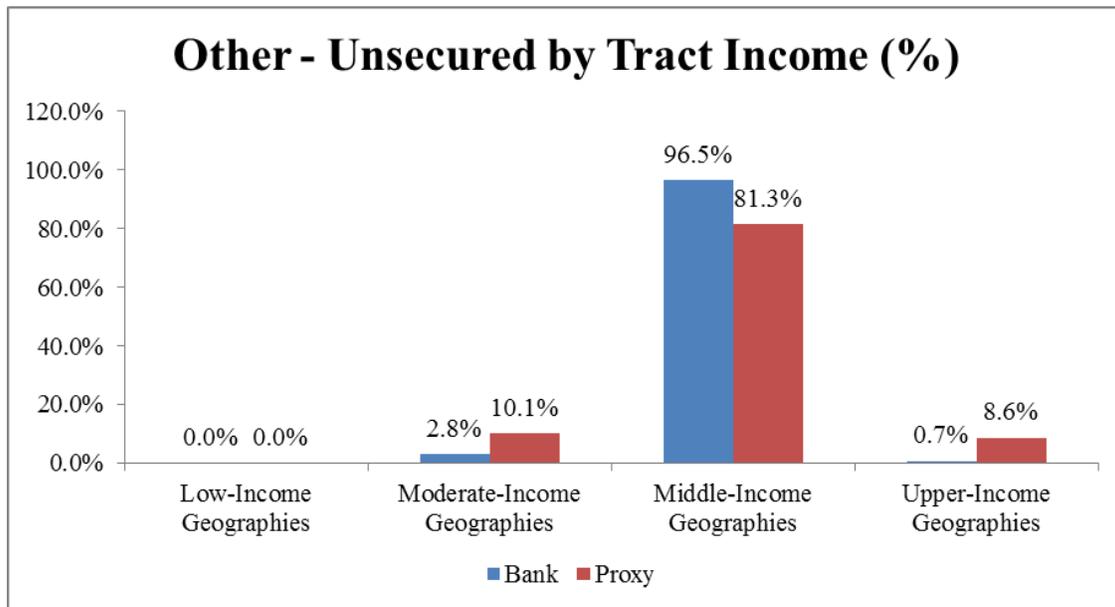


As shown in the following chart, Killbuck performed slightly below proxy in moderate-, above proxy in middle-, and well below proxy in upper-income census tracts. Killbuck’s geographic distribution for motor vehicle lending is considered good.



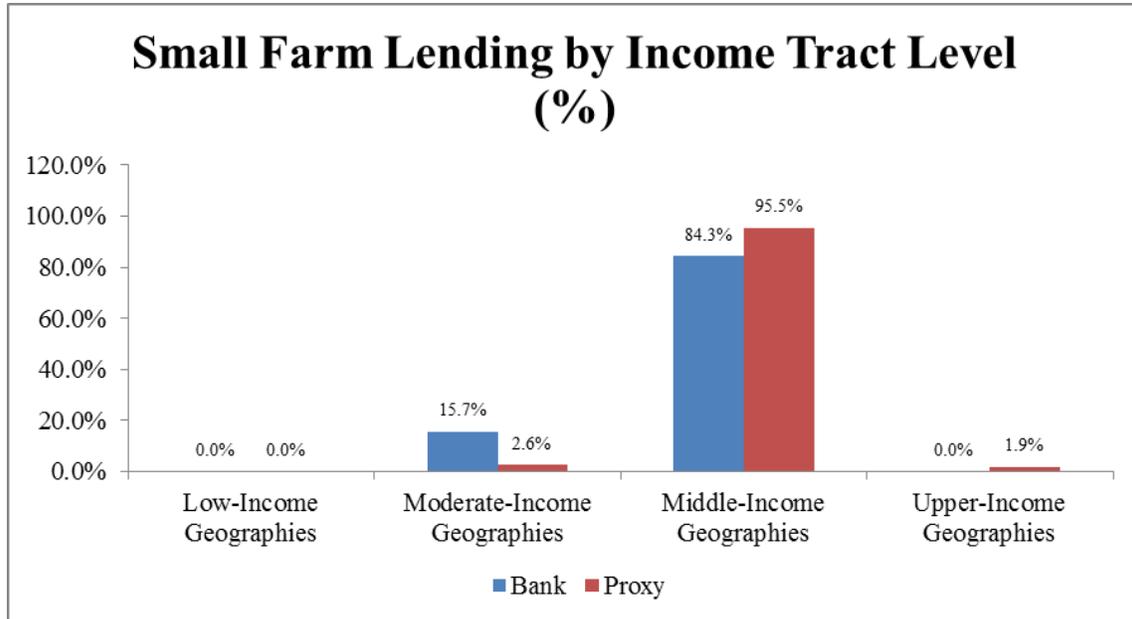
Other Unsecured Lending

As shown in the chart below, Killbuck performed significantly below proxy in moderate-, above proxy in middle-, and significantly below proxy in upper-income census tracts. The significant Amish population and general economic conditions in the assessment area could limit lending opportunities. Killbuck’s geographic distribution for other unsecured lending is considered adequate.



Small Farm Lending

As shown in the following chart, Killbuck performed significantly above proxy in moderate-income tracts, slightly below proxy in middle-income tracts, and below proxy in upper-income census tracts. Overall, Killbuck’s geographic distribution for small farm lending is considered excellent.

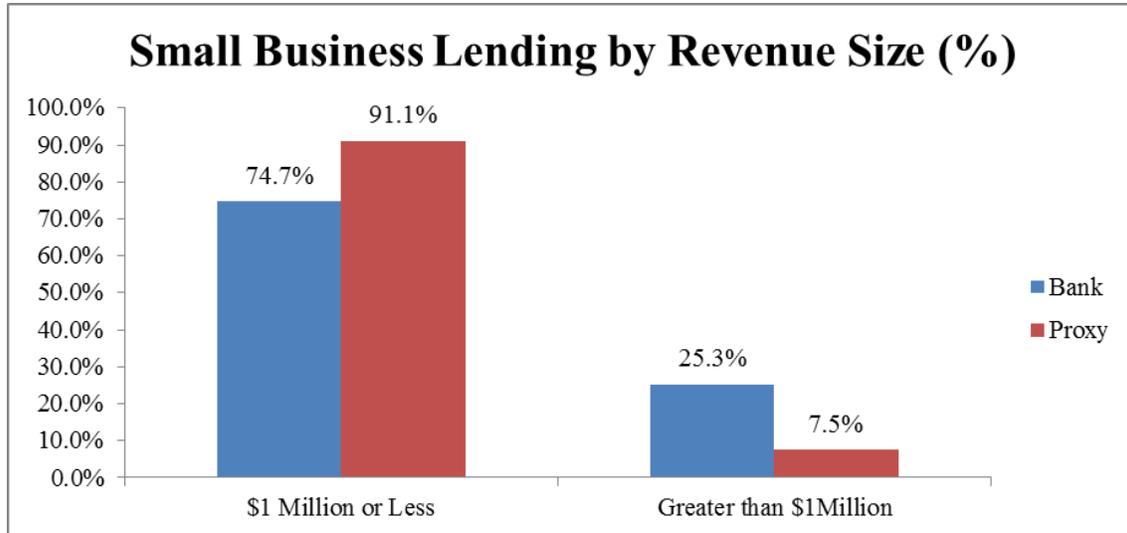


Borrower Distribution of Lending

The distribution of loans is considered reasonable based on borrower income and for businesses of different revenue sizes. Most businesses within Killbuck’s assessment area have annualized revenues less than \$1 million.

Small Business Lending

Killbuck originated 158 small businesses loans in the assessment area for which business revenues were reported. Of these 158 loans, 118 (74.7%) were to small businesses with revenues of \$1 million or less. Loan amount was also considered in addition to revenue, as smaller loans are generally commensurate with the borrower needs of smaller businesses. Of the 728 total small business loans originated within the assessment area, 67.9% of the loans were for amounts of \$100,000 or less. The following chart depicts Killbuck’s small business lending. Overall, the distribution of loans based on the revenue size for small business lending is considered good.

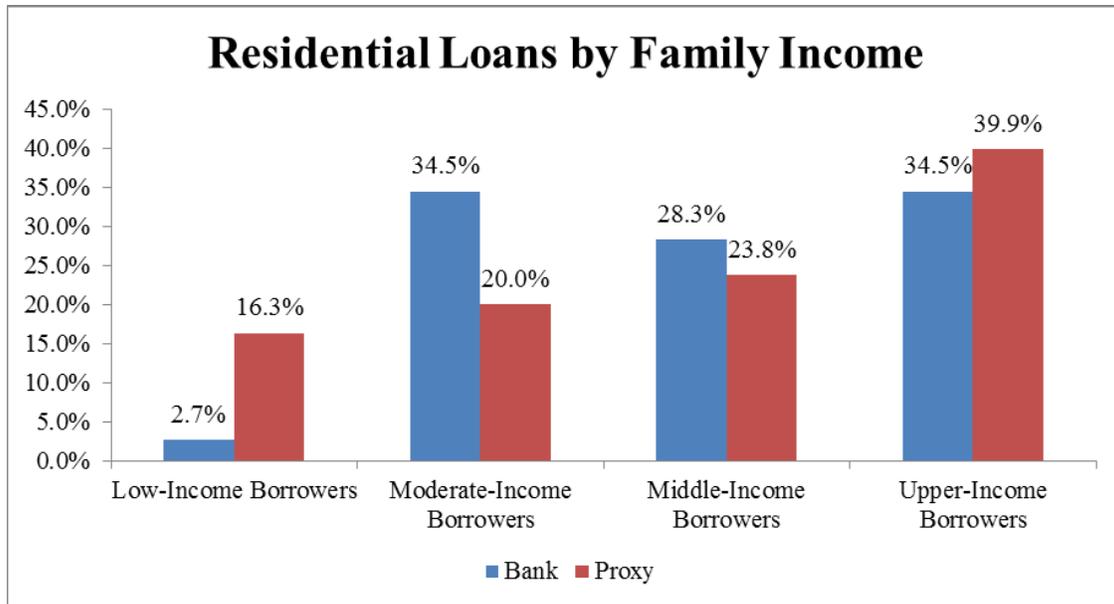


Consumer Lending

Killbuck originated a total of 668 consumer loans in the assessment area during the evaluation period, which is comprised of 235 (35.2%) motor vehicles, 143 (21.4%) other unsecured loans, and 290 (43.4%) residential loans. Of the 668 loans, 7.2% of the loans were made to low-, 17.1% to moderate-, 9.9% to middle-, and 10.3% to upper-income borrowers. Killbuck's borrower distribution performance was compared to the number of households in the assessment area (proxy) for motor vehicles and other unsecured and the number of families by family income in the assessment area (proxy) for residential loans. Poverty levels, competition, and general economic conditions in the assessment area were also considered, which could limit lending opportunities. Overall, the borrower distribution for consumer lending is considered good.

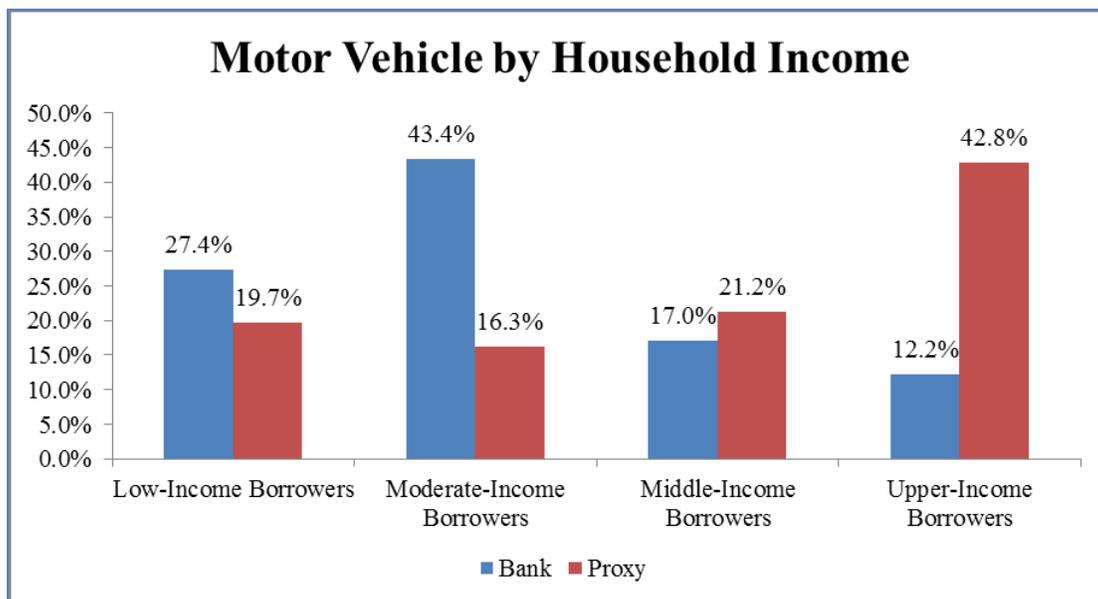
Residential Lending

As shown in the following chart, Killbuck performed significantly below proxy for lending to low-, significantly above proxy for moderate-, above proxy for middle-, and slightly below proxy for upper-income borrowers. While lending to low-income borrowers is below the percentage of low-income families in the assessment area, it should be noted that only 28.0% of homes in the assessment area would be affordable for low-income borrowers. Additionally, the majority of the median homes in the assessment area are well above \$96,194, which is the highest home price affordable to low-income borrowers. Overall, residential lending to borrowers of different income levels is considered good.



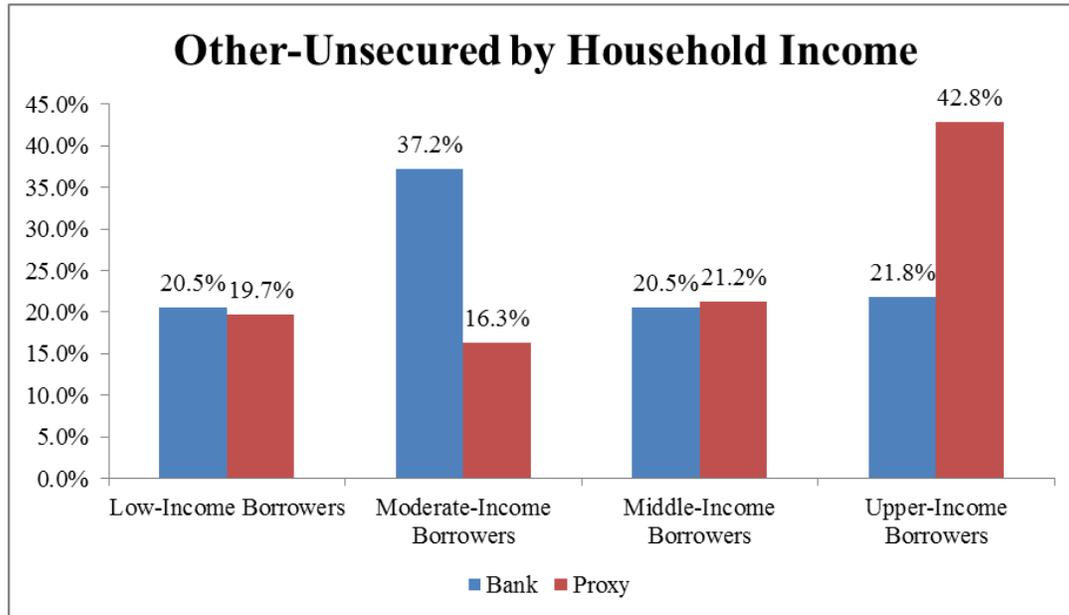
Motor Vehicle Lending

As shown in the chart below, Killbuck performed well above proxy for lending to low-income borrowers, significantly above proxy for moderate-, slightly below proxy for middle-, and significantly below proxy for upper-income borrowers. Overall, motor vehicle lending to borrowers of different income levels is considered excellent.



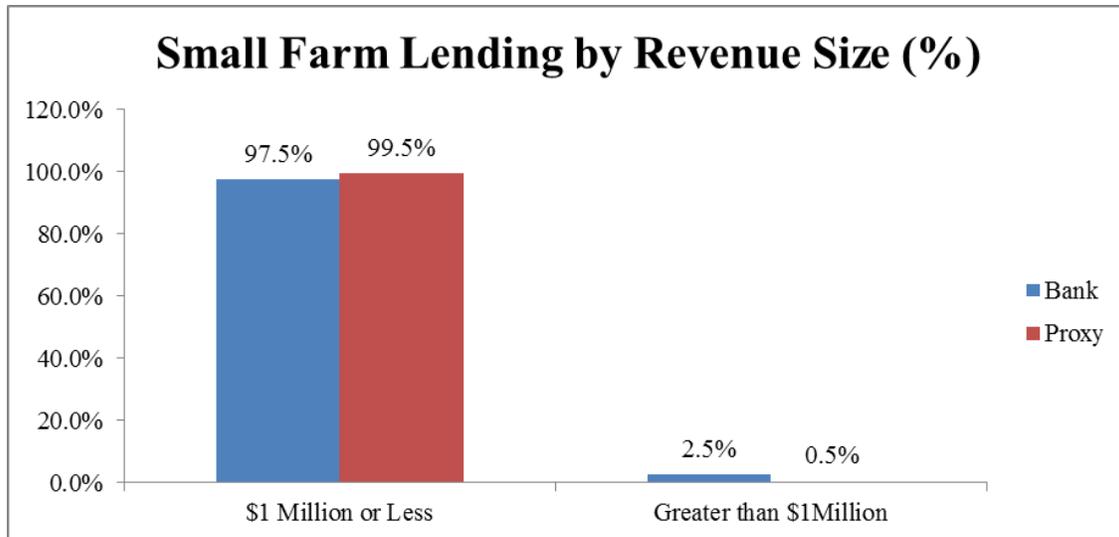
Other Unsecured Lending

As shown in the following chart, Killbuck performed similar to proxy for lending to low-, significantly above proxy for moderate-, similar to proxy for middle-, and significantly below proxy for upper-income borrowers. Overall, unsecured lending to borrowers of different income levels is considered excellent.



Small Farm Lending

Killbuck originated 81 small farm loans in the assessment area for which business revenues were reported. Of these 81 loans, 97.5% were to small farms with revenues of \$1 million or less. Loan amount was also considered in addition to revenue, as smaller loans are generally commensurate with the borrower needs of smaller farms. Of the 134 total small farm loans originated within the assessment area, 89.6% of the loans were for loan amounts of \$100,000 or less. The following chart depicts Killbuck's small farm lending. Overall, the distribution of loans based on the revenue size for small farm lending is considered excellent.



Response to Consumer Complaints

No CRA-related complaints were filed against Killbuck during the evaluation 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.

Community Development Test

Killbuck is rated satisfactory under the community development test. The bank's community development performance demonstrates an adequate responsiveness to the community development needs of its assessment area through community development lending, qualified investments, and community development services, as appropriate, considering Killbuck's capacity and the need and availability of such opportunities in the assessment area.

Community Development Lending

Killbuck originated one community development loan that benefited the assessment area during the evaluation period totaling \$100,000, supporting economic development.

Qualified Investments

Prior to the evaluation period, Killbuck invested in a mortgage-backed security pool of home loans to low- and moderate-income borrowers in the Cincinnati area that supports affordable housing. The investment is a statewide program and although the pool of home loans is not located within the assessment area, the investment is considered as Killbuck has met its assessment area community needs through various community development activities. The value of the investment was \$87,540.73.

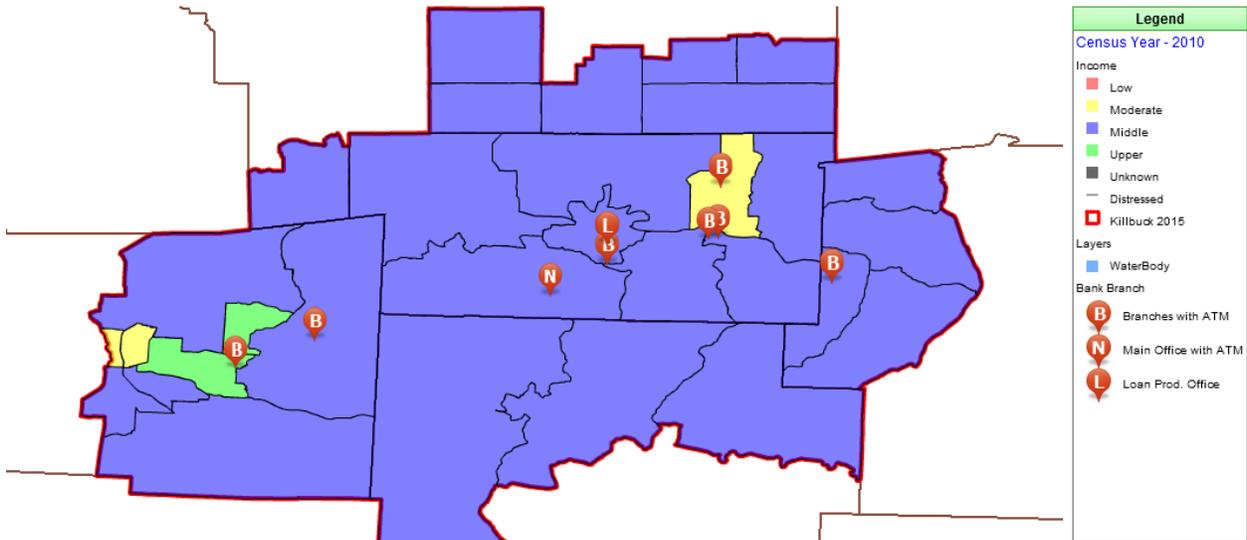
In addition, Killbuck made qualified donations in the amount of \$65,597.21 to support 21 organizations that provide community services targeted to low- and moderate-income individuals and economic development.

Community Development Services

Killbuck provided 80 hours of financial expertise through its involvement with a community development organization and engaging in an activity that provided financial education through a partnership with a local school.

APPENDIX A

ASSESSMENT AREA MAP



APPENDIX B
LENDING TABLES

CRA Loan Distribution Table

Exam: Killbuck 2016

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	128	17.6%	20,673	19.5%	21	15.7%	472	6.6%
Low/Moderate Total	128	17.6%	20,673	19.5%	21	15.7%	472	6.6%
Middle	592	81.3%	84,921	80.0%	113	84.3%	6,666	93.4%
Upper	8	1.1%	586	0.6%	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	728	100.0%	106,181	100.0%	134	100.0%	7,138	100.0%
By Revenue								
Total \$1 Million or Less	118	16.2%	10,806	10.2%	79	59.0%	3,389	47.5%
Over \$1 Million	40	5.5%	11,605	10.9%	2	1.5%	235	3.3%
Not Known	570	78.3%	83,770	78.9%	53	39.6%	3,515	49.2%
Total	728	100.0%	106,181	100.0%	134	100.0%	7,138	100.0%
By Loan Size								
\$100,000 or less	494	67.9%	19,728	18.6%	120	89.6%	3,115	43.6%
\$100,001 - \$250,000	138	19.0%	24,771	23.3%	10	7.5%	1,534	21.5%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	84	11.5%	40,812	38.4%	2	1.5%	785	11.0%
Over \$1 Million (Bus)-\$500k (Farm)	12	1.6%	20,870	19.7%	2	1.5%	1,705	23.9%
Total	728	100.0%	106,181	100.0%	134	100.0%	7,138	100.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	93	78.8%	3,127	28.9%	74	93.7%	2,052	60.5%
\$100,001 - \$250,000	18	15.3%	3,217	29.8%	4	5.1%	628	18.5%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	6	5.1%	2,462	22.8%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	1	0.8%	2,000	18.5%	1	1.3%	709	20.9%
Total	118	100.0%	10,806	100.0%	79	100.0%	3,389	100.0%

*Information based on 2010 ACS data

Consumer Loan Distribution Table

Exam: Killbuck 2016

Assessment Area/Group :All Assessment Areas

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Motor Vehicle							
Low	0	0.0%	0	0.0%	29	12.3%	269	6.2%
Moderate	23	9.8%	2,190	50.6%	46	19.6%	416	9.6%
Low/Moderate Total	23	9.8%	2,190	50.6%	75	31.9%	685	15.8%
Middle	207	88.1%	2,061	47.6%	18	7.7%	127	2.9%
Upper	5	2.1%	81	1.9%	13	5.5%	220	5.1%
Unknown	0	0.0%	0	0.0%	129	54.9%	3,299	76.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	235	100.0%	4,331	100.0%	235	100.0%	4,331	100.0%
	Other - Unsecured							
Low	0	0.0%	0	0.0%	16	11.2%	100	8.0%
Moderate	4	2.8%	44	3.5%	29	20.3%	226	18.1%
Low/Moderate Total	4	2.8%	44	3.5%	45	31.5%	326	26.1%
Middle	138	96.5%	1,180	94.6%	16	11.2%	139	11.1%
Upper	1	0.7%	23	1.9%	17	11.9%	204	16.3%
Unknown	0	0.0%	0	0.0%	65	45.5%	578	46.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	143	100.0%	1,247	100.0%	143	100.0%	1,247	100.0%
	Residential Loans							
Low	0	0.0%	0	0.0%	3	1.0%	232	0.8%
Moderate	18	6.2%	1,727	5.7%	39	13.4%	3,837	12.6%
Low/Moderate Total	18	6.2%	1,727	5.7%	42	14.5%	4,069	13.4%
Middle	269	92.8%	28,475	93.7%	32	11.0%	3,009	9.9%
Upper	3	1.0%	187	0.6%	39	13.4%	5,194	17.1%
Unknown	0	0.0%	0	0.0%	177	61.0%	18,117	59.6%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	290	100.0%	30,389	100.0%	290	100.0%	30,389	100.0%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	48	7.2%	601	1.7%
Moderate	45	6.7%	3,960	11.0%	114	17.1%	4,479	12.5%
Low/Moderate Total	45	6.7%	3,960	11.0%	162	24.3%	5,080	14.1%
Middle	614	91.9%	31,716	88.2%	66	9.9%	3,275	9.1%
Upper	9	1.3%	291	0.8%	69	10.3%	5,618	15.6%
Unknown	0	0.0%	0	0.0%	371	55.5%	21,994	61.2%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	668	100.0%	35,967	100.0%	668	100.0%	35,967	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.