

# **PUBLIC DISCLOSURE**

April 16, 2018

## **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Twin Valley Bank  
RSSD # 381026

2 East Dayton Street  
West Alexandria, Ohio 45381

Federal Reserve Bank of Cleveland

P.O. Box 6387  
Cleveland, OH 44101-1387

**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

The major factors and criteria contributing to this rating include:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities were made in the assessment area;
- The 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 area;
- The geographic distribution of loans reflects a reasonable dispersion throughout the assessment area; and,
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous CRA examination conducted as of February 10, 2014 resulted in a "Satisfactory" performance rating.

### SCOPE OF EXAMINATION

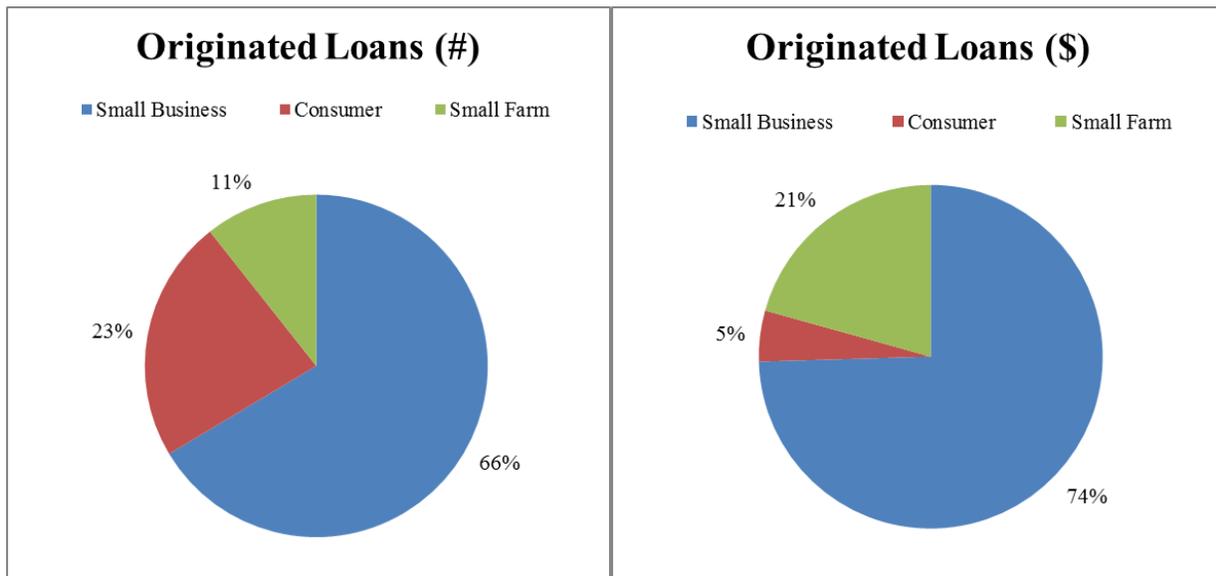
The Community Reinvestment Act (CRA) performance for The Twin Valley Bank (Twin Valley) was evaluated using the interagency small bank examination procedures under Regulation BB.

Twin Valley’s CRA performance was evaluated based on lending data for the period of January 1, 2014 to September 30, 2017. The loan products evaluated include small business, consumer, and small farms loans. Small business loans include real estate and non-real estate secured and consumer loans are comprised of motor vehicle loans.

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

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

| Loan Type      | Number of Loans | Dollar Amount of Loans (000s) |
|----------------|-----------------|-------------------------------|
| Small Business | 524             | 33,147                        |
| Consumer       | 181             | 2,127                         |
| Small Farm     | 84              | 9,188                         |
| <b>Total</b>   | <b>789</b>      | <b>44,462</b>                 |



Based on total loan volume by number and dollar amount and the composition of the loan portfolio, small business loans received the most weight, followed by consumer and small farm loans.

Due to the limited number of low- and moderate- income tracts in Twin Valley's assessment area, borrower distribution received the most weight, followed by geographic distribution.

In some cases, information for originated loans could not be provided by Twin Valley; therefore, the loan volumes utilized for borrower distribution are based on a sample of originated loans and are lower than the number of originated loans.

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

### DESCRIPTION OF INSTITUTION

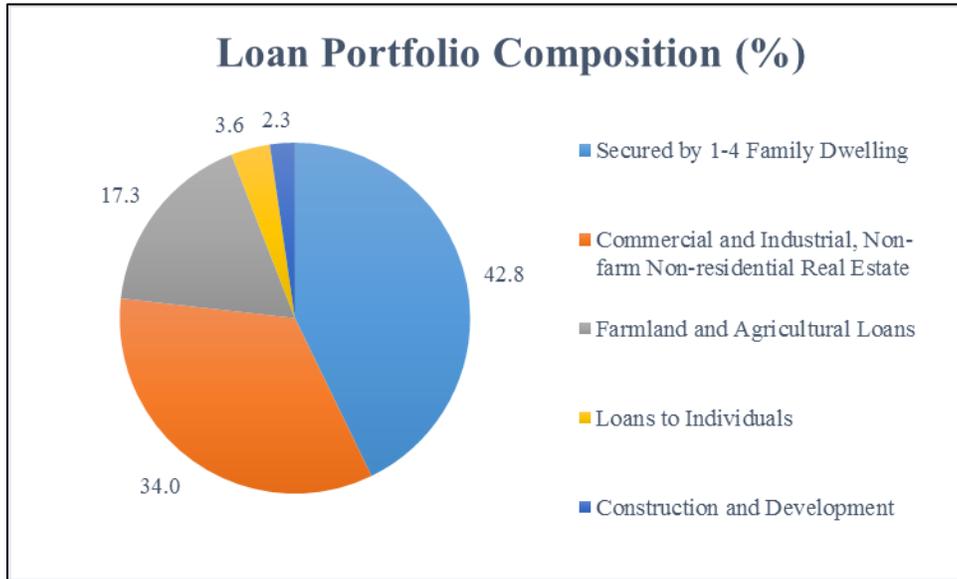
Twin Valley is an independently owned community bank located in West Alexandria, Ohio. The organizational hierarchy is limited, as there is no holding company under which the bank operates nor bank subsidiaries. As of December 31, 2017, Twin Valley reported \$66.8 million in total assets, a 39.7% increase in total assets since the previous evaluation. Net loans and leases as of the same date totaled \$44.9 million and represent 67.3% of total assets, which is an increase of 34.4% since the previous evaluation.

Twin Valley has one main office and two branch offices. All offices are located in Preble County, with the main office located in West Alexandria and branches located in Gratis and Eaton. All offices have a full-service automated teller machine (ATM). Twin Valley also has one additional cash-only ATM located in New Lebanon in Montgomery County. Since the previous evaluation, Twin Valley opened the Eaton branch, which includes a full-service ATM. Although Twin Valley has a cash-only ATM in Montgomery County, there are currently no formal plans to expand branching into counties other than Preble County.

Twin Valley is a full-service retail bank offering business and consumer deposit accounts and commercial, consumer, agriculture, and residential mortgage loans. The following table and chart illustrate the volume and distribution of loans originated within Twin Valley's assessment area as of September 30, 2017:

| COMPOSITION OF LOAN PORTFOLIO           |                 |                |                 |                |                 |                |
|---|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| Loan Type                               | 9/30/2017       |                | 12/31/2016      |                | 12/31/2015      |                |
|   | \$ (000s)       | Percent        | \$ (000s)       | Percent        | \$ (000s)       | Percent        |
| Construction and Development            | 1,009           | 2.3%           | 1,180           | 2.9%           | 947             | 2.4%           |
| Secured by One- to Four- Family Dwellin | 18,756          | 42.8%          | 16,346          | 40.5%          | 16,179          | 40.6%          |
| Other Real Estate: Farmland             | 5,340           | 12.2%          | 4,896           | 12.1%          | 5,082           | 12.7%          |
| Other Real Estate: Multifamily          | 0               | 0.0%           | 0               | 0.0%           | 137             | 0.3%           |
| Other Real Estate: Nonfarm nonresidenti | 7,616           | 17.4%          | 7,765           | 19.2%          | 7,770           | 19.5%          |
| Commercial and Industrial               | 7,256           | 16.6%          | 6,802           | 16.9%          | 6,714           | 16.8%          |
| Loans to Individuals                    | 1,595           | 3.6%           | 1,495           | 3.7%           | 1,764           | 4.4%           |
| Agricultural Loans                      | 2,224           | 5.1%           | 1,865           | 4.6%           | 1,271           | 3.2%           |
| <i>Total</i>                            | <i>\$43,796</i> | <i>100.00%</i> | <i>\$40,349</i> | <i>100.00%</i> | <i>\$39,864</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.



As of September 30, 2017, Twin Valley's net loans and leases were \$ \$43.6 million and represent 65.5% of total assets (\$66.8 million).

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

## DESCRIPTION OF NON-METROPOLITAN OHIO ASSESSMENT AREA

Twin Valley has one assessment area, comprising the entirety of Preble County, the western portion of Montgomery County, and the northern portion of Butler County in Ohio. Preble County is located in a non-metropolitan statistical area. The portion of the assessment area in Montgomery County is included in the Dayton, Ohio MSA 19380 and the portion of the assessment area in Butler County is included in the Cincinnati-Middletown, Ohio-Kentucky-Indiana MSA 17140; however, for the purpose of this evaluation, the MSAs are not considered part of the assessment area, as there are no branches located in Butler or Montgomery counties. Twin Valley's CRA-delineated footprint consists of 35 census tracts, comprising one low- (2.9%), six moderate- (17.1%), 21 middle- (60.0%), and four upper-income census tracts (11.4%), as well as three census tracts in Butler County that are unknown. None of the middle-income tracts are designated as distressed or underserved.

Twin Valley operates three full-service branch offices. From 2014-2016, all branches were located in middle-income tracts. In 2017, the income tract for Twin Valley's Gratis branch changed to upper-income and the income tract for the Eaton branch changed to moderate-income. In addition, Twin Valley operates one cash-only automated teller machine within Montgomery County in a middle-income tract.

Preble County is a heavily agricultural area located in southwestern Ohio approximately 15 miles west of Dayton, Ohio. Eaton is the largest city and county seat. The county had a population of 42,270, according to the 2010 U.S. Census, and 41,120, according to 2017 U.S. Census estimates.

Montgomery County is located in the southwestern quadrant of Ohio and is a mixture of urban and rural areas. Dayton is the largest city and county seat. The county had a population of 535,153, according to the 2010 U.S. Census, and 531,542, according to 2017 U.S. Census estimates. In the portion of the county Twin Valley included in its assessment area (13 census tracts), there are one low-, one moderate-, nine middle-, and two upper-income census tracts.

Butler County is located immediately south of Preble and Montgomery counties and comprises more than 50.0% cropland. Hamilton is the largest city and county seat. The county had a population of 368,130, according to the 2010 U.S. Census, and 380,604, according to 2017 U.S. Census estimates. In the portion of Butler County Twin Valley included in its assessment area (ten census tracts), there are six middle- and one upper-income census tracts, with three tracts where the income is unknown.

Following the previous CRA evaluation, bank management elected to increase Twin Valley's assessment area to include Preble County and all contiguous counties, including Montgomery, Butler, Darke, Miami, and Warren counties in Ohio and Wayne and Union counties in Indiana. This significantly increased the size of the assessment area and included a geographic area in which Twin Valley made relatively few, if any loans. The revised assessment area listed above was used for this evaluation.

As of June 30, 2017, the Federal Deposit Insurance Corporation (FDIC) reported 11 insured financial institutions operating within Preble County. An analysis of only Preble County was performed, as all of Twin Valley’s branches are located in Preble County.

The FDIC’s market share report indicates that Twin Valley is ranked fourth, holding 10.9% of the market share of deposits.<sup>1</sup> The following table illustrates the deposit market share for the top financial institutions in Preble County.

| #  | Financial Institution                           | Deposit Market Share |
|----|---|----------------------|
| 1  | LCNB National Bank                              | 28.4%                |
| 2  | The Somerville National Bank                    | 14.7%                |
| 3  | U.S. Bank National Association                  | 11.4%                |
| 4  | The Twin Valley Bank                            | 10.9%                |
| 5  | Fifth Third Bank                                | 9.3%                 |
| 6  | JPMorgan Chase Bank, National Association       | 7.8%                 |
| 7  | United Midwest Savings Bank                     | 6.1%                 |
| 8  | First Financial Bank                            | 5.5%                 |
| 9  | The Farmers State Bank                          | 4.5%                 |
| 10 | The Brookville Building and Savings Association | 1.4%                 |
| 11 | Woodforest National Bank                        | 0.2%                 |

The largest institution by deposit share is LCNB National Bank, followed by The Somerville National Bank and U.S. Bank National Association.

### **Community Contacts**

Two community contact interviews were conducted to provide additional information regarding credit needs of the local community and context to the demographic and economic conditions of Preble County.

An interview was conducted with a business advocacy organization that supports and promotes the Preble County area. Businesses from surrounding counties, including Butler and Montgomery, are also members of the organization. The contact stated that the agriculture industry was previously the largest industry, with manufacturing having a smaller presence in Preble County. However, this has recently changed and the agriculture and manufacturing industries now have an equal presence in the area. Manufacturers in the area have started to expand, creating more job opportunities. One notable expansion includes a \$500,000 investment in an animal nutrition plant in the area.

<sup>1</sup> <https://www5.fdic.gov/sod/sodMarketBank.asp?barItem=2>

The contact explained there are a large number of employment opportunities in the area, but the local talent pool does not always have the appropriate skill set to fill available job openings. The local economic development office has begun connecting manufacturers to high school students for internships, on the job training, and offering employment after graduation.

Financial institutions sponsor events organized by this organization and support educational programs to assist small businesses in the area. The financial needs of area businesses are being met, with some opportunity for small dollar loans to small businesses. The contact specifically mentioned LCNB, Twin Valley Bank, Somerville National Bank, and Woodforest National Bank as being active with this organization.

The other interview was conducted with a city economic development office in Montgomery County. The city is included in the Dayton, OH MSA and is home to approximately 500 businesses. The economic development office typically works with small businesses to attract them to the area. The contact stated that healthcare is the largest industry in the city, followed by education and manufacturing. In 2017, one area hospital invested \$40 million in an expansion project and one local education facility passed an approximately \$130 million bond issuance for expansion purposes. The city has seen an increase in property values within the past few years. The state, county, and city offer loan and tax incentive programs to attract businesses to the area. The contact stated that new companies work with local banks for their credit needs. Additionally, the contact stated that the economic development office is typically involved in construction loans for new or existing businesses and the area's credit needs are being met.

### **Population Characteristics**

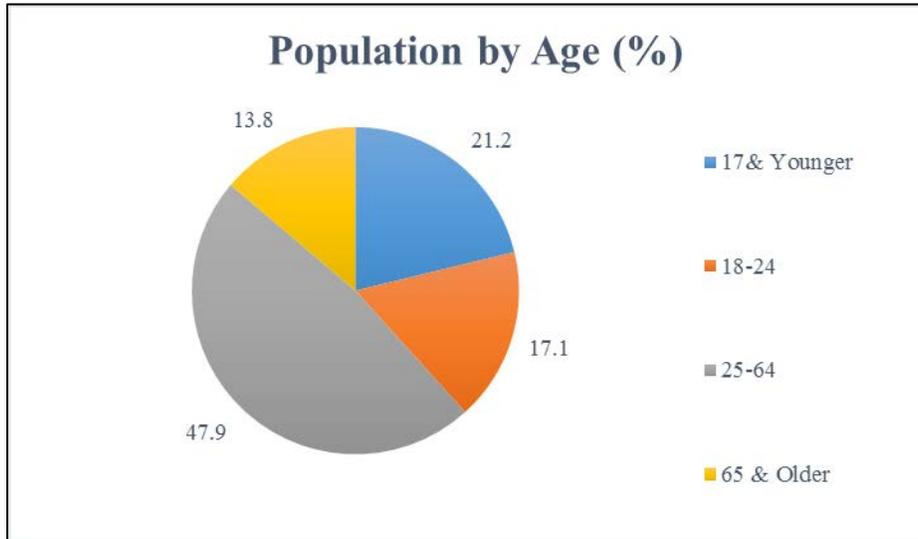
According to the 2010 U.S. Census Bureau Report, the total population in the assessment area was 136,601, while the total population of the full counties in the assessment area was 945,553. Of the assessment area's population, 1.2% resides in low-, 13.0% in moderate-, 71.1% in middle-, 9.4% in upper-, and 5.3% in unknown-income census tracts.

| County       | 2010 Population | 2017 Population | Population Percent Change |
|--------------|-----------------|-----------------|---------------------------|
| Butler       | 368,130         | 380,604         | 3.4%                      |
| Montgomery   | 535,153         | 531,542         | -0.7%                     |
| Preble       | 42,270          | 41,120          | -2.7%                     |
| <b>Total</b> | <b>945,553</b>  | <b>953,266</b>  |                           |

According to the US Census Bureau Report,<sup>2</sup> the estimated population for the full counties in the assessment area was 950,023, a slight increase from 2010. As shown in the chart below, 78.8% of the population is 18 years of age or older, which is the legal age to enter into a contract, while 65.0% of the population is between the ages of 18 and 64 and more likely to have credit needs.

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



**Income Characteristics**

According to data from the 2015 U.S. Census, the median family income level for the assessment area was \$61,102, compared to Ohio’s median family income of \$62,817. The median family incomes for Butler, Montgomery and Preble counties are \$71,328, \$56,990, and \$56,321, respectively. The 2014-2017 estimated median family income levels are detailed in the following tables.<sup>3</sup>

**Borrower Income Levels  
Ohio State Non-Metro**

| HUD Estimated Median Family Income |                 | Low |            | Moderate |            | Middle   |            | Upper    |           |
|------------------------------------|-----------------|-----|------------|----------|------------|----------|------------|----------|-----------|
|                                    |                 | 0   | - 49.99%   | 50%      | - 79.99%   | 80%      | - 119.99%  | 120%     | - & above |
| <b>2014</b>                        | <b>\$55,700</b> | 0   | - \$27,849 | \$27,850 | - \$44,559 | \$44,560 | - \$66,839 | \$66,840 | - & above |
| <b>2015</b>                        | <b>\$56,900</b> | 0   | - \$28,449 | \$28,450 | - \$45,519 | \$45,520 | - \$68,279 | \$68,280 | - & above |
| <b>2016</b>                        | <b>\$55,400</b> | 0   | - \$27,699 | \$27,700 | - \$44,319 | \$44,320 | - \$66,479 | \$66,480 | - & above |
| <b>2017</b>                        | <b>\$57,600</b> | 0   | - \$28,799 | \$28,800 | - \$46,079 | \$46,080 | - \$69,119 | \$69,120 | - & above |

<sup>3</sup> [https://www.huduser.gov/portal/pdrdatas\\_landing.html](https://www.huduser.gov/portal/pdrdatas_landing.html)

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

| HUD Estimated Median Family Income |                 | Low<br>0 - 49.99% |            | Moderate<br>50% - 79.99% |            | Middle<br>80% - 119.99% |            | Upper<br>120% - & above |           |
|------------------------------------|-----------------|-------------------|------------|--------------------------|------------|-------------------------|------------|-------------------------|-----------|
| <b>2014</b>                        | <b>\$71,100</b> | 0                 | - \$35,549 | \$35,550                 | - \$56,879 | \$56,880                | - \$85,319 | \$85,320                | - & above |
| <b>2015</b>                        | <b>\$72,400</b> | 0                 | - \$36,199 | \$36,200                 | - \$57,919 | \$57,920                | - \$86,879 | \$86,880                | - & above |
| <b>2016</b>                        | <b>\$68,800</b> | 0                 | - \$34,399 | \$34,400                 | - \$55,039 | \$55,040                | - \$82,559 | \$82,560                | - & above |
| <b>2017</b>                        | <b>\$73,600</b> | 1                 | - \$36,799 | \$36,800                 | - \$58,879 | \$58,880                | - \$88,319 | \$88,320                | - & above |

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

| HUD Estimated Median Family Income |                 | Low<br>0 - 49.99% |            | Moderate<br>50% - 79.99% |            | Middle<br>80% - 119.99% |            | Upper<br>120% - & above |           |
|------------------------------------|-----------------|-------------------|------------|--------------------------|------------|-------------------------|------------|-------------------------|-----------|
| <b>2014</b>                        | <b>\$60,500</b> | 0                 | - \$30,249 | \$30,250                 | - \$48,399 | \$48,400                | - \$72,599 | \$72,600                | - & above |
| <b>2015</b>                        | <b>\$62,100</b> | 0                 | - \$31,049 | \$31,050                 | - \$49,679 | \$49,680                | - \$74,519 | \$74,520                | - & above |
| <b>2016</b>                        | <b>\$59,500</b> | 0                 | - \$29,749 | \$29,750                 | - \$47,599 | \$47,600                | - \$71,399 | \$71,400                | - & above |
| <b>2017</b>                        | <b>\$63,600</b> | 0                 | - \$31,799 | \$31,800                 | - \$50,879 | \$50,880                | - \$76,319 | \$76,320                | - & above |

The assessment area contains 50,748 households, of which 33,988 (67%) are designated as families. Low- and moderate-income families represent 19.6% and 19.9% of all families in this assessment area, respectively, with 9.8% of families below the poverty level, compared to Ohio's rate of 11.5%.

According to data from the U.S. Census Bureau's Small Area Income and Poverty Estimates (SAIPE), household poverty rates for Butler, Montgomery and Preble counties were as follows: <sup>4</sup>

| County               | 2014 Poverty Rate | 2015 Poverty Rate | 2014 - 2015 % Change | 2015 Poverty Rate | 2016 Poverty Rate | 2015 - 2016 % Change |
|----------------------|-------------------|-------------------|----------------------|-------------------|-------------------|----------------------|
| Butler County        | 14.4%             | 14.4%             | 0.0%                 | 14.4%             | 12.4%             | -13.9%               |
| Montgomery County    | 19.7%             | 17.7%             | -10.2%               | 17.7%             | 18.2%             | 2.8%                 |
| Preble County        | 13.0%             | 12.7%             | -2.3%                | 12.7%             | 11.0%             | -13.4%               |
| <b>Ohio</b>          | <b>15.8%</b>      | <b>14.8%</b>      | <b>-6.3%</b>         | <b>14.8%</b>      | <b>14.5%</b>      | <b>-2.0%</b>         |
| <b>United States</b> | <b>15.5%</b>      | <b>14.7%</b>      | <b>-5.2%</b>         | <b>14.7%</b>      | <b>14.0%</b>      | <b>-4.8%</b>         |

<sup>4</sup> [http://www.development.ohio.gov/reports/reports\\_countytrends\\_map.htm](http://www.development.ohio.gov/reports/reports_countytrends_map.htm)

Approximately 19.7% of Montgomery County’s population was below the poverty level during 2016. This relatively high poverty rate may indicate that individuals, especially those considered low- or moderate-income, may not have sufficient financial resources to obtain loans. Based on the data, the poverty rate for Montgomery County is higher than Butler and Preble County, state, and national rates.

**Labor, Employment, and Economic Characteristics**

The following table illustrates the land use for each county in the assessment area:<sup>5</sup>

| County     | Urban | Cropland | Pasture | Forest | Open Water | Bare Mines | Wetlands |
|------------|-------|----------|---------|--------|------------|------------|----------|
| Butler     | 33.3% | 21.0%    | 24.8%   | 19.5%  | 1.1%       | 0.2%       | 0.2%     |
| Montgomery | 44.9% | 32.3%    | 9.6%    | 11.7%  | 1.0%       | 0.1%       | 0.3%     |
| Preble     | 8.2%  | 67.4%    | 8.9%    | 14.8%  | 0.5%       | 0.0%       | 0.2%     |

Only 8.2% of the land in Preble County is considered urban, (i.e., residential, commercial, industrial, transportation, or urban grasses). The remaining amount of land that does not contain housing, businesses, and schools may impact Twin Valley’s ability to originate all types of loans in this assessment area. However, 33.3% of the land in Butler County and 44.9% of the land in Montgomery County are considered urban.

The following table shows primary employment sectors and major employers for each of the counties in the assessment area.<sup>6</sup>

| County     | Primary Employment Sectors  | Major Employers   |
|------------|---|---|
| Butler     | Trade, Transportation and Utilities, Manufacturing, Education and Health Services, Leisure and Hospitality, and Professional and Business Services. | AK Steel Holding Corp, Cincinnati Financial Corp, Cornerstone Brands Inc, Ft. Hamilton, Memorial Hospital, GE Aviation, Lakota Local Schools, Liberty Mutual/Ohio Casualty Corp, Mercy Hospital Fairfield, Miami University, MillerCoors, and Pierre Foods.   |
| Montgomery | Education and Health Services, Trade, Transportation and Utilities, Professional and Business Services, Manufacturing, and Local Government.        | AES Corp/Dayton Power & Light, Behr Dayton Thermal Products LLC, Dayton City Schools, DMAX Ltd, GE Capital, Green Tokai Co, Kettering Health Network, PNC Financial Services Group, Premier Health Partners Inc, Reed Elsevier/LexisNexis, Reynolds & Reynolds Co Inc, University of Dayton, and US Federal Government. |
| Preble     | Manufacturing, Trade, Transportation and Utilities, Local Government, Education and Health Services, and Leisure and Hospitality.                   | Cargill/Provimi North America, Easton City Schools, Henny Penny Corp, International Paper Co, Lewisburg Container Co, Nihon Plast/Neaton Auto Products, Parker-Hannifin Corp, and Wal-Mart Stores Inc.  |

The following table shows the 2014-2017 average annual unemployment rate for counties in the assessment area, the state, and the nation.

5, 6 [http://development.ohio.gov/reports/reports\\_countytrends\\_map.htm](http://development.ohio.gov/reports/reports_countytrends_map.htm)

| Unemployment Rates   |                    |            |            |                |
|--|--------------------|------------|------------|----------------|
| Assessment Area: Twin Valley Bank, West Alexandria, Ohio   |                    |            |            |                |
| Area   | Years - Annualized |            |            |                |
|  | 2014               | 2015       | 2016       | 2017           |
| Butler   | 4.5                | 4.3        | 4.1        | 4.0 (P)        |
| Montgomery   | 5.1                | 4.7        | 4.6        | 4.4 (P)        |
| Preble   | 4.7                | 4.6        | 4.6        | 4.1 (P)        |
| <b>Ohio</b>  | <b>4.9</b>         | <b>4.5</b> | <b>4.5</b> | <b>4.5 (P)</b> |
| <b>National</b>  | <b>5.4</b>         | <b>3.9</b> | <b>3.9</b> | <b>3.9</b>     |
| Not Seasonally Adjusted<br>Data extracted on February 6, 2018<br>P: Preliminary as of February 6, 2018 |                    |            |            |                |

The unemployment rate for Butler County was below Ohio’s rate in 2016, while Preble and Montgomery counties were above Ohio’s rate. By 2017, all counties experienced a decline in the rate and were below Ohio’s rate.

The following table further illustrates the demographics of Twin Valley’s assessment area.

## Combined Demographics Report

Assessment Area(s): Twin Valley AA 2017

| Income Categories                      | Tract Distribution               |   | Families by Tract Income |                         | Families < Poverty Level as % of Families by Tract |                             | Families by Family Income |              |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
|  | #                                | %   | #                        | %                       | #  | %                           | #                         | %            |
| Low-income                             | 1                                | 2.9   | 352                      | 1                       | 153  | 43.5                        | 6,648                     | 19.6         |
| Moderate-income                        | 6                                | 17.1  | 5,291                    | 15.6                    | 1,027  | 19.4                        | 6,748                     | 19.9         |
| Middle-income                          | 21                               | 60  | 23,560                   | 69.3                    | 1,884  | 8                           | 7,044                     | 20.7         |
| Upper-income                           | 4                                | 11.4  | 4,540                    | 13.4                    | 172  | 3.8                         | 13,548                    | 39.9         |
| Unknown-income                         | 3                                | 8.6   | 245                      | 0.7                     | 91   | 37.1                        | 0                         | 0            |
| <b>Total Assessment Area</b>           | <b>35</b>                        | <b>100.0</b>                                  | <b>33,988</b>            | <b>100.0</b>            | <b>3,327</b>                                       | <b>9.8</b>                  | <b>33,988</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                             | 715                              | 271   | 0.8                      | 37.9                    | 335  | 46.9                        | 109                       | 15.2         |
| Moderate-income                        | 9,828                            | 4,726   | 13.1                     | 48.1                    | 3,849  | 39.2                        | 1,253                     | 12.7         |
| Middle-income                          | 35,739                           | 25,476  | 70.7                     | 71.3                    | 6,947  | 19.4                        | 3,316                     | 9.3          |
| Upper-income                           | 7,641                            | 5,370   | 14.9                     | 70.3                    | 1,569  | 20.5                        | 702                       | 9.2          |
| Unknown-income                         | 2,840                            | 195   | 0.5                      | 6.9                     | 2,010  | 70.8                        | 635                       | 22.4         |
| <b>Total Assessment Area</b>           | <b>56,763</b>                    | <b>36,038</b>                                 | <b>100.0</b>             | <b>63.5</b>             | <b>14,710</b>                                      | <b>25.9</b>                 | <b>6,015</b>              | <b>10.6</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                             | 36                               | 0.9   | 34                       | 0.9                     | 0  | 0                           | 2                         | 3            |
| Moderate-income                        | 670                              | 16.1  | 606                      | 15.8                    | 53   | 21                          | 11                        | 16.7         |
| Middle-income                          | 2,751                            | 66.3  | 2,563                    | 66.9                    | 147  | 58.3                        | 41                        | 62.1         |
| Upper-income                           | 481                              | 11.6  | 445                      | 11.6                    | 27   | 10.7                        | 9                         | 13.6         |
| Unknown-income                         | 212                              | 5.1   | 184                      | 4.8                     | 25   | 9.9                         | 3                         | 4.5          |
| <b>Total Assessment Area</b>           | <b>4,150</b>                     | <b>100.0</b>                                  | <b>3,832</b>             | <b>100.0</b>            | <b>252</b>   | <b>100.0</b>                | <b>66</b>                 | <b>100.0</b> |
| <b>Percentage of Total Businesses:</b> |                                  |   |                          | <b>92.3</b>             |  | <b>6.1</b>                  |                           | <b>1.6</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                        | 13                               | 2.7   | 13                       | 2.7                     | 0  | 0                           | 0                         | 0            |
| Middle-income                          | 433                              | 88.9  | 425                      | 88.7                    | 8  | 100                         | 0                         | 0            |
| Upper-income                           | 41                               | 8.4   | 41                       | 8.6                     | 0  | 0                           | 0                         | 0            |
| Unknown-income                         | 0                                | 0   | 0                        | 0                       | 0  | 0                           | 0                         | 0            |
| <b>Total Assessment Area</b>           | <b>487</b>                       | <b>100.0</b>                                  | <b>479</b>               | <b>100.0</b>            | <b>8</b>   | <b>100.0</b>                | <b>0</b>                  | <b>.0</b>    |
| <b>Percentage of Total Farms:</b>      |                                  |   |                          | <b>98.4</b>             |  | <b>1.6</b>                  |                           | <b>.0</b>    |

2017 FFIEC Census Data and 2016 D&B Information

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Twin Valley’s overall performance under the lending test is considered “Satisfactory.” The loan-to-deposit ratio is reasonable and the majority of loans were made inside the assessment area.

Due to the low number of low- and moderate-income tracts in the assessment area when compared to low- and moderate-income borrowers (20.0% vs 38.4%, respectively), borrower distribution was given greater consideration than geographic distribution. The borrower and geographic distribution of lending are both considered reasonable.

The greatest consideration, based on number and volume, was given to small business lending, followed by consumer lending (motor vehicle) and small farm lending.

Details of Twin Valley’s small business, consumer, and small farm lending can be found in the tables in Appendix B.

### Loan-to-Deposit Ratio

A financial institution’s loan-to-deposit ratio (LTD) compares the institution’s aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution’s lending volume relative to its capacity to lend and is derived by adding the quarterly LTD ratios and dividing the total by the number of quarters. The following table shows Twin Valley’s quarterly LTD ratios for 17 quarters since the previous evaluation, along with the average LTD for the same period.

| Twin Valley Bank Loan-to-Deposit Ratios                                      |                |              |                 |                 |              |
|--|----------------|--------------|-----------------|-----------------|--------------|
| AS OF DATE   | TWIN VALLEY BK | FIRST NB     | BROOKVILLE B&SA | AMERICAN SVG BK | CUSTOM PEER  |
| December 31, 2017  | 77.39          | 70.97        | 87.10           | 94.58           | 84.22        |
| September 30, 2017   | 75.34          | 75.79        | 85.18           | 100.18          | 87.05        |
| June 30, 2017  | 77.21          | 80.63        | 83.58           | 103.41          | 89.21        |
| March 31, 2017   | 76.19          | 79.49        | 82.20           | 110.50          | 90.73        |
| December 31, 2016  | 76.42          | 76.32        | 79.73           | 104.74          | 86.93        |
| September 30, 2016   | 79.50          | 78.99        | 78.35           | 106.58          | 87.97        |
| June 30, 2016  | 79.41          | 78.80        | 72.49           | 103.42          | 84.90        |
| March 31, 2016   | 81.21          | 81.77        | 74.06           | 102.84          | 86.22        |
| December 31, 2015  | 83.42          | 82.30        | 73.02           | 98.77           | 84.70        |
| September 30, 2015   | 83.81          | 82.35        | 74.52           | 97.03           | 84.63        |
| June 30, 2015  | 80.90          | 81.60        | 73.10           | 93.48           | 82.73        |
| March 31, 2015   | 80.49          | 79.61        | 75.31           | 95.77           | 83.56        |
| December 31, 2014  | 79.83          | 85.37        | 74.66           | 92.12           | 84.05        |
| September 30, 2014   | 73.36          | 81.86        | 76.30           | 94.29           | 84.15        |
| June 30, 2014  | 74.60          | 79.15        | 75.18           | 94.98           | 83.10        |
| March 31, 2014   | 70.17          | 75.53        | 76.06           | 92.57           | 81.39        |
| December 31, 2013  | 74.55          | 75.44        | 74.80           | 91.31           | 80.52        |
| <b>Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation</b> | <b>77.87</b>   | <b>79.17</b> | <b>77.39</b>    | <b>98.62</b>    | <b>85.06</b> |

Twin Valley’s average LTD ratio was 77.87% over the past 17 quarters and was compared to three local peer banks: First National Bank of Germantown, Brookville Building and Savings, and American Savings Bank. Twin Valley’s LTD ratio is below the custom peer average; however, Twin Valley’s LTD ratio is reasonable given the bank’s size, financial condition, and assessment area credit needs.

**Lending in the Assessment Area**

Twin Valley’s small business, consumer, and small farm lending was analyzed to determine the volume of lending inside and outside the assessment area. The following table shows the distribution of loans made inside and outside the assessment area.

Lending Inside and Outside the Assessment Area

Exam: Twin Valley Bank 2018

| Loan Type - Description          | Inside     |             |               |             | Outside    |             |               |             | Total      |               |
|----------------------------------|------------|-------------|---------------|-------------|------------|-------------|---------------|-------------|------------|---------------|
|                                  | #          | %           | \$(000s)      | %           | #          | %           | \$(000s)      | %           | #          | \$(000s)      |
| MV - Motor Vehicle (2017)        | 33         | 91.7        | 455           | 88.9        | 3          | 8.3         | 57            | 11.1        | 36         | 512           |
| MV - Motor Vehicle (2014-2016)   | 126        | 86.9        | 1,401         | 86.7        | 19         | 13.1        | 215           | 13.3        | 145        | 1,616         |
| <b>Total Consumer related</b>    | <b>159</b> | <b>87.8</b> | <b>1,856</b>  | <b>87.3</b> | <b>22</b>  | <b>12.2</b> | <b>272</b>    | <b>12.8</b> | <b>181</b> | <b>2,127</b>  |
| SB - Small Business (2017)       | 86         | 77.5        | 4,825         | 72.9        | 25         | 22.5        | 1,794         | 27.1        | 111        | 6,619         |
| SB - Small Business (2014-2016)  | 311        | 75.3        | 17,928        | 67.6        | 102        | 24.7        | 8,601         | 32.4        | 413        | 26,528        |
| <b>Total Small Bus. related</b>  | <b>397</b> | <b>75.8</b> | <b>22,753</b> | <b>68.6</b> | <b>127</b> | <b>24.2</b> | <b>10,395</b> | <b>31.4</b> | <b>524</b> | <b>33,147</b> |
| SF - Small Farm (2017)           | 18         | 94.7        | 1,121         | 98.0        | 1          | 5.3         | 23            | 2.0         | 19         | 1,144         |
| SF - Small Farm (2014-2016)      | 54         | 83.1        | 6,406         | 79.6        | 11         | 16.9        | 1,637         | 20.4        | 65         | 8,044         |
| <b>Total Small Farm related</b>  | <b>72</b>  | <b>85.7</b> | <b>7,527</b>  | <b>81.9</b> | <b>12</b>  | <b>14.3</b> | <b>1,661</b>  | <b>18.1</b> | <b>84</b>  | <b>9,188</b>  |
| <b>TOTAL LOANS (2014 - 2017)</b> | <b>628</b> | <b>79.6</b> | <b>32,136</b> | <b>72.3</b> | <b>161</b> | <b>20.4</b> | <b>12,327</b> | <b>27.7</b> | <b>789</b> | <b>44,462</b> |

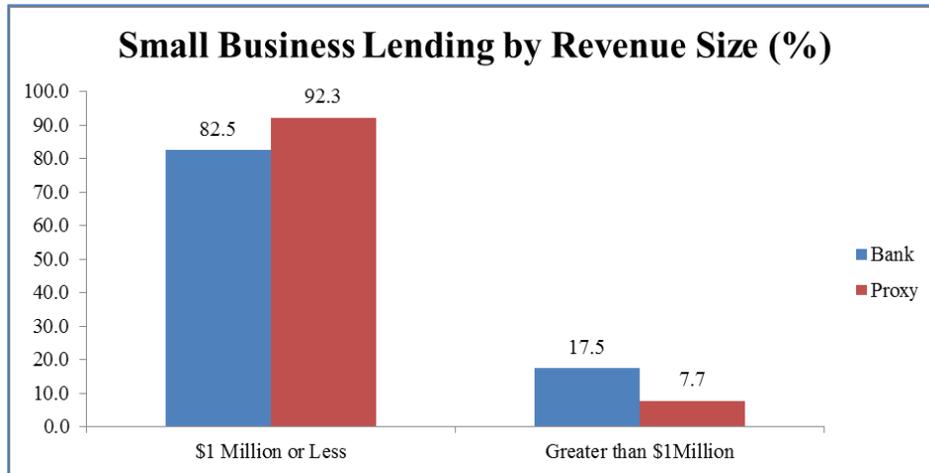
As the table indicates, a majority (79.6% by volume and 72.3% by dollar amount) of Twin Valley’s loans were made inside its assessment area. When evaluating specific loan types, 75.8% by volume and 68.6% by dollar amount of small business loans, 87.8% by volume and 87.3% by dollar amount of consumer loans, and 85.7% by volume and 81.9% by dollar amount of small farm loans were made within Twin Valley’s assessment area.

***Borrower Distribution of Lending***

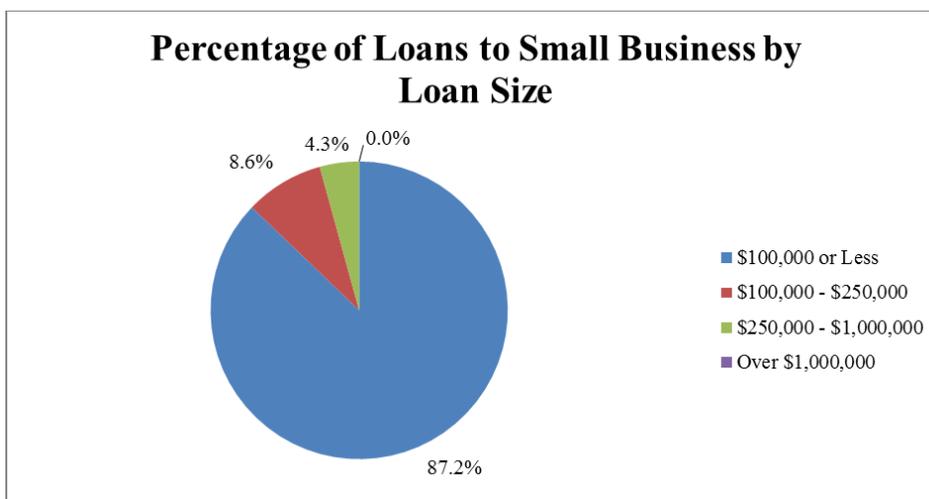
Twin Valley’s lending to borrowers of different income categories and lending to businesses of different revenue sizes is considered reasonable. Small business lending, which received the most weight, is considered reasonable and consumer lending is considered excellent, while small farm lending is considered reasonable.

*Small Business Lending*

Small businesses are defined as those with gross annual revenues of less than or equal to \$1 million. Twin Valley originated 397 small business loans within the assessment area during the review period, of which 141 were to small businesses with revenues \$1 million or less and 30 were to small businesses with revenues over \$1 million. For the purpose of this examination, revenues were unknown for 226 originated small business loans. As shown in the chart below, Twin Valley’s lending to businesses with revenue of \$1 million or less was slightly below the percentage of such businesses in the assessment area (proxy).

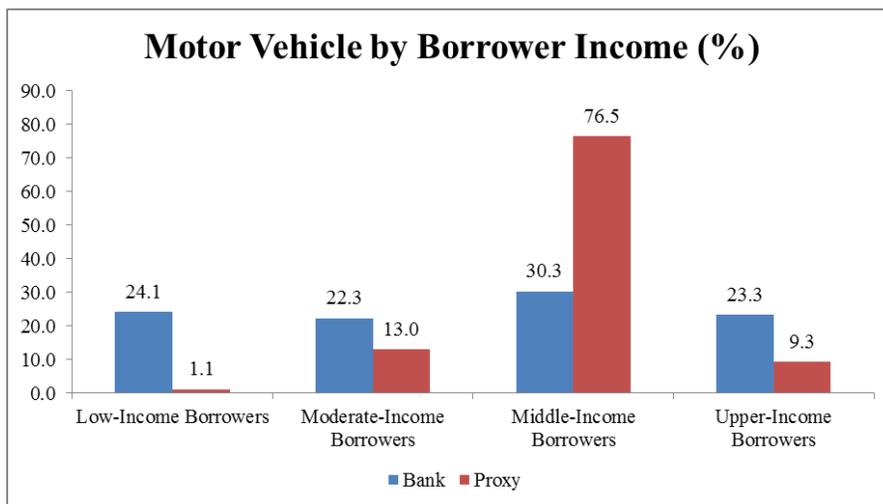


Additionally, as shown in the following chart, 87.2% of Twin Valley’s small business loans were for \$100,000 or less. Typically, the extent to which a bank is willing to extend loans in amounts of \$100,000 or less is reviewed because smaller businesses often have a greater need for small-dollar loans. Results of this review are consistent with Twin Valley’s lending activity and, therefore, borrower distribution for small business lending is considered reasonable.



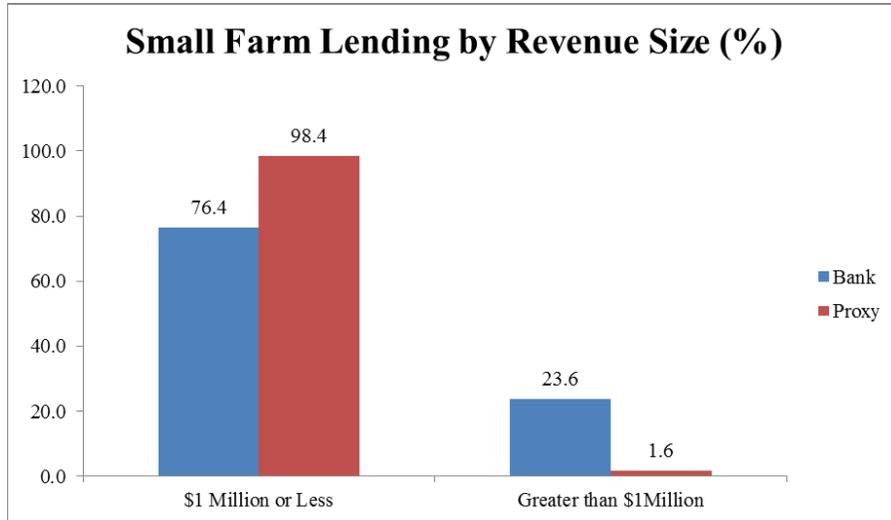
*Consumer Lending – Motor Vehicles*

Twin Valley originated a total of 159 motor vehicle loans, of which 27 were to low-, 25 to moderate-, 34 to middle-, and 26 to upper-income borrowers. For the purpose of this examination, revenues were unknown for 47 originated motor vehicle loans. As shown in the following chart, Twin Valley’s motor vehicle lending to low-income borrowers significantly exceeded the percentage of households (proxy) and exceeded proxy for moderate-income borrowers. Lending to middle-income borrowers is well below proxy, but significantly exceeded proxy for upper-income borrowers. Motor vehicle lending among borrowers of different incomes is considered excellent, as lending significantly exceeded proxy for low- and moderate-income borrowers.

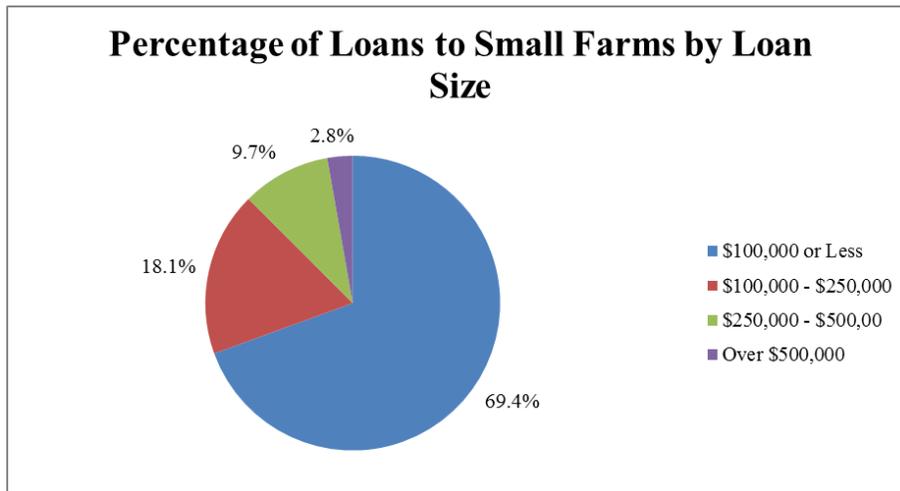


*Small Farm Lending*

Twin Valley originated 72 farm loans within the assessment area during the review period. Of these, 55 were to small farms (with revenues \$1 million or less) and four were to farms with revenues over \$1 million. For the purpose of this examination, revenues were unknown for nine originated small farm loans. Twin Valley’s performance was compared to the number of farms in the assessment area (proxy). The following chart shows that Twin Valley’s lending to farms with revenue of \$1 million or less is slightly below the percentage of such farms in the assessment area (proxy).



Additionally, as shown in the chart below, 69.4% of small farm loans were for \$100,000 or less. Typically, the extent to which a bank is willing to extend loans in amounts of \$100,000 or less is reviewed because smaller farms often have a greater need for small-dollar loans. Results of this review are consistent with Twin Valley’s lending activity and, therefore, borrower distribution for small farm lending is considered reasonable.



**Geographic Distribution of Lending**

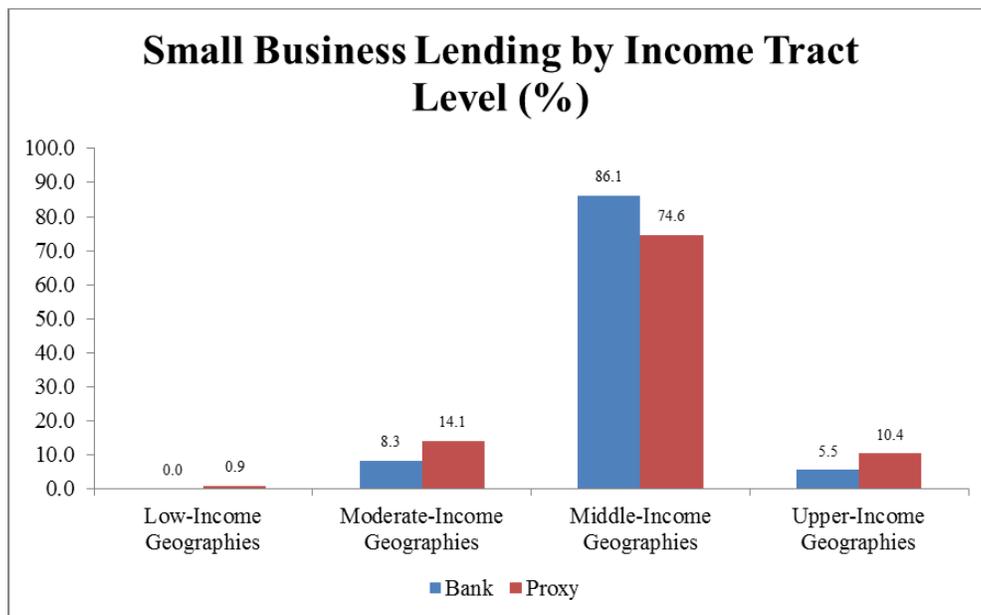
Twin Valley’s geographic distribution of lending is considered reasonable. Twin Valley originated loans in 31 of the 35 tracts (88.6%) in its assessment area. While no loans were made in the one low-income census tract, loans were made in five of the six (83.3%) moderate-income census tracts. No loans were made in the one census tract that changed from middle- to moderate-income in 2017. Gaps in the low- and moderate-income tracts are not considered significant given Twin Valley’s distance from these tracts and the level of competition throughout the assessment area. Prior to 2017, Twin Valley did not have any branches in the low- or moderate-income census tracts and all of its operations were located in middle-income geographies.

Due to the limited number of low- and moderate-income tracts in Twin Valley’s assessment area (total of 35 tracts), geographic distribution received lesser weight than borrower distribution and is considered reasonable.

*Small Business Lending*

During the evaluation period, Twin Valley originated 397 small business loans in the assessment area. No loans were made in the low-income tract, while 33 were made in moderate-, 324 in middle-, and 22 in upper-income tracts.

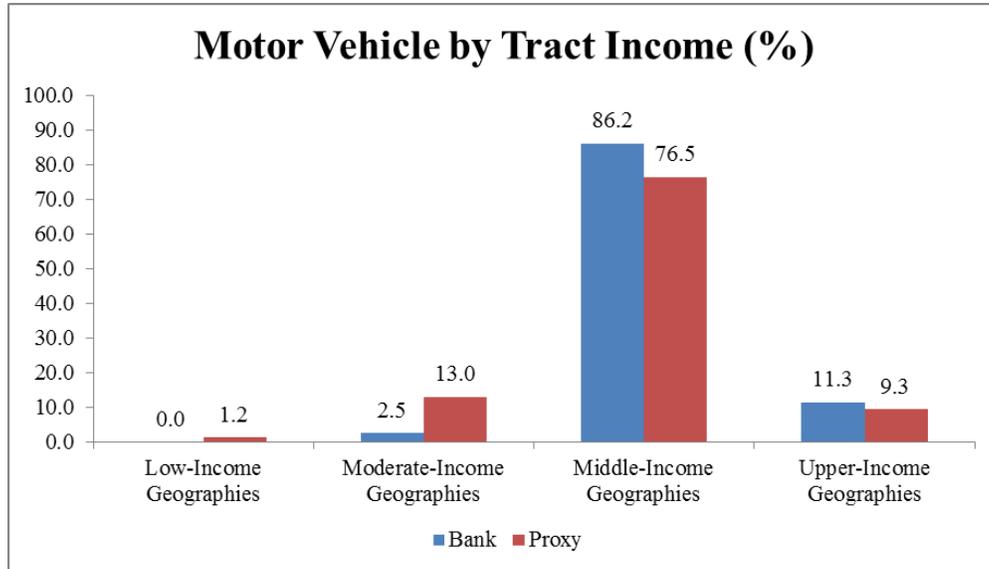
As depicted in the following chart, Twin Valley’s performance was significantly below proxy and made no loans in the one low-income census tract and was below proxy in the moderate-income census tracts. Twin Valley exceeded proxy in the middle-income census tracts, which comprised the majority of its small business lending, and was below proxy in upper-income tracts. As the middle-income census tracts make up 60.0% of Twin Valley’s assessment area, the geographic distribution of small business lending is considered reasonable.



*Consumer Lending – Motor Vehicles*

During the evaluation period, Twin Valley made 159 consumer loans within its assessment area. No loans were made in the low-income tract, while four were made in moderate-, 137 in middle- and 18 in upper-income tracts.

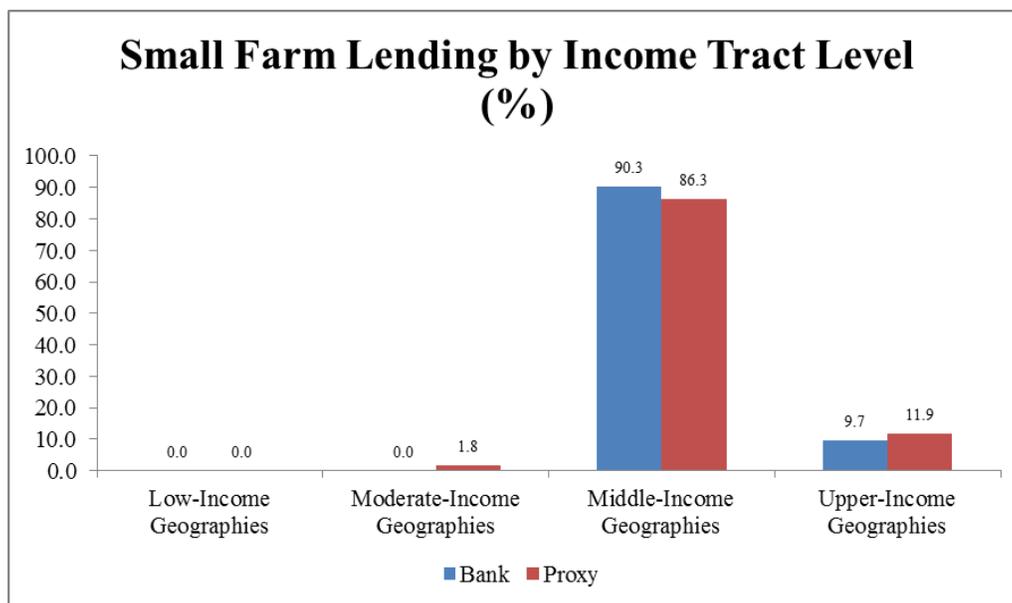
As shown in the following chart, Twin Valley made no consumer loans in the one low-income tract and was significantly below proxy in the moderate-income tracts. Twin Valley was comparable to proxy in the middle- and upper-income tracts. Twin Valley’s geographic distribution of consumer loans is considered reasonable.



*Small Farm Lending*

During the evaluation period, Twin Valley made 72 small farm loans within its assessment area. No loans were made in the low- or moderate-income tracts, while 65 loans were made in middle-income tracts and seven were made in upper-income tracts.

As shown in the following chart, Twin Valley made no small farm loans in the one low-income tract, as no small farms exist in the low-income tract. Twin Valley was significantly below proxy in moderate-income tracts; however, there are only 13 small farms located in these tracts. Additionally, Twin Valley was comparable to proxy in middle-income tracts and slightly below in upper-income tracts. Due to the limited number of small farms in low- and moderate-income tracts, Twin Valley’s geographic distribution of small farm loans is considered reasonable.



**Response to Consumer Complaints**

No CRA-related complaints were filed against Twin Valley Bank during the evaluation period.

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

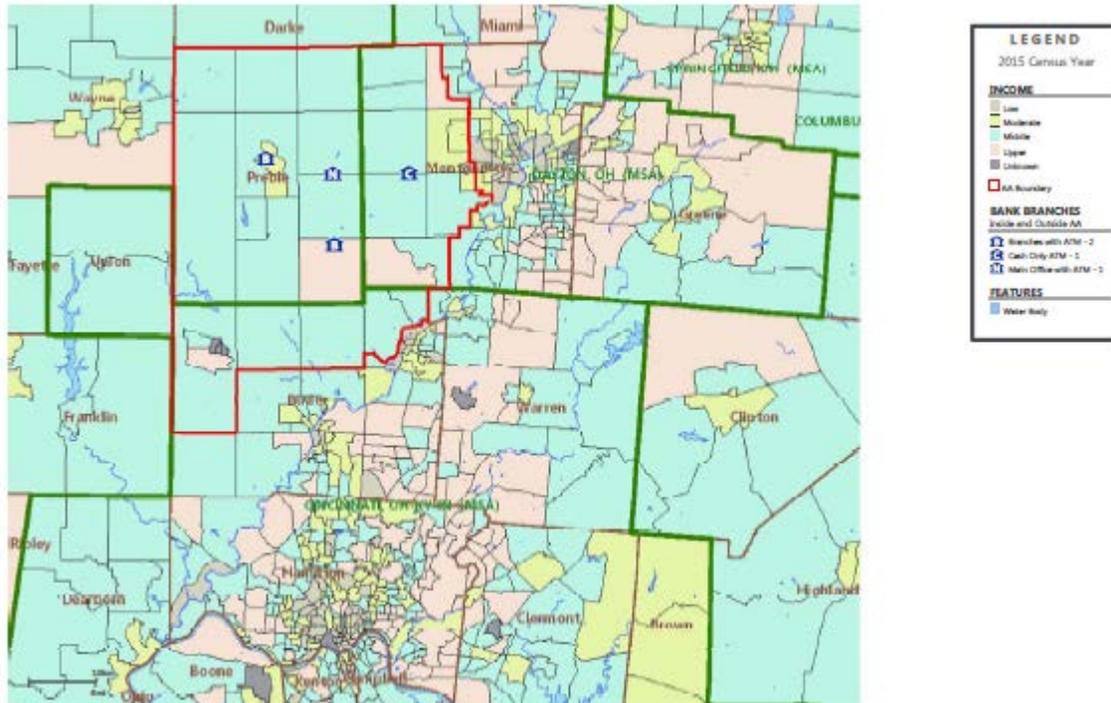
No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified during this evaluation period.

## APPENDIX A

### ASSESSMENT AREA MAPS

#### Non-metropolitan Ohio

Assessment Area: Twin Valley Bank 2017



## APPENDIX B

### LENDING TABLES

**CRA Loan Distribution Table**

Exam: Twin Valley Bank 2018

Assessment Area/Group: Twin Valley AA 2017

| Income Categories                           | SMALL BUSINESS                                      |               |              |               | SMALL FARM |               |              |               | SMALL BUS. SECURED BY REAL ESTATE |             |          |             |
|---|---|---------------|--------------|---------------|------------|---------------|--------------|---------------|-----------------------------------|-------------|----------|-------------|
|   | #   | %             | \$(000s)     | %             | #          | %             | \$(000s)     | %             | #                                 | %           | \$(000s) | %           |
|   | <b>By Tract Income</b>                              |               |              |               |            |               |              |               |                                   |             |          |             |
| Low   | 0   | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| Moderate                                    | 10  | 11.6%         | 572          | 11.9%         | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| Low/Moderate Total                          | 10  | 11.6%         | 572          | 11.9%         | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| Middle                                      | 73  | 84.9%         | 4,162        | 86.3%         | 16         | 88.9%         | 1,089        | 97.2%         | 0                                 | 0.0%        | 0        | 0.0%        |
| Upper                                       | 3   | 3.5%          | 91           | 1.9%          | 2          | 11.1%         | 31           | 2.8%          | 0                                 | 0.0%        | 0        | 0.0%        |
| Unknown                                     | 0   | 0.0%          | 0            | 0.0%          | 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%          | 0                                 | 0.0%        | 0        | 0.0%        |
| <b>Total</b>                                | <b>86</b>   | <b>100.0%</b> | <b>4,825</b> | <b>100.0%</b> | <b>18</b>  | <b>100.0%</b> | <b>1,121</b> | <b>100.0%</b> | <b>0</b>                          | <b>0.0%</b> | <b>0</b> | <b>0.0%</b> |
|   | <b>By Revenue</b>                                   |               |              |               |            |               |              |               |                                   |             |          |             |
| Total \$1 Million or Less                   | 53  | 61.6%         | 2,770        | 57.4%         | 14         | 77.8%         | 848          | 75.7%         | 0                                 | 0.0%        | 0        | 0.0%        |
| Over \$1 Million                            | 2   | 2.3%          | 58           | 1.2%          | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| Not Known                                   | 31  | 36.0%         | 1,997        | 41.4%         | 4          | 22.2%         | 273          | 24.3%         | 0                                 | 0.0%        | 0        | 0.0%        |
| <b>Total</b>                                | <b>86</b>   | <b>100.0%</b> | <b>4,825</b> | <b>100.0%</b> | <b>18</b>  | <b>100.0%</b> | <b>1,121</b> | <b>100.0%</b> | <b>0</b>                          | <b>0.0%</b> | <b>0</b> | <b>0.0%</b> |
|   | <b>By Loan Size</b>                                 |               |              |               |            |               |              |               |                                   |             |          |             |
| \$100,000 or less                           | 77  | 89.5%         | 2,631        | 54.5%         | 15         | 83.3%         | 448          | 40.0%         | 0                                 | 0.0%        | 0        | 0.0%        |
| \$100,001 - \$250,000                       | 4   | 4.7%          | 326          | 10.9%         | 2          | 11.1%         | 273          | 24.3%         | 0                                 | 0.0%        | 0        | 0.0%        |
| \$250,001 - \$1 Million (Bus)-\$500k (Farm) | 5   | 5.8%          | 1,668        | 34.6%         | 1          | 5.6%          | 400          | 35.7%         | 0                                 | 0.0%        | 0        | 0.0%        |
| Over \$1 Million (Bus)-\$500k (Farm)        | 0   | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| <b>Total</b>                                | <b>86</b>   | <b>100.0%</b> | <b>4,825</b> | <b>100.0%</b> | <b>18</b>  | <b>100.0%</b> | <b>1,121</b> | <b>100.0%</b> | <b>0</b>                          | <b>0.0%</b> | <b>0</b> | <b>0.0%</b> |
|   | <b>By Loan Size and Revenue \$1 Million or Less</b> |               |              |               |            |               |              |               |                                   |             |          |             |
| \$100,000 or less                           | 49  | 92.5%         | 1,841        | 66.5%         | 12         | 85.7%         | 325          | 38.4%         | 0                                 | 0.0%        | 0        | 0.0%        |
| \$100,001 - \$250,000                       | 2   | 3.8%          | 232          | 8.4%          | 1          | 7.1%          | 123          | 14.5%         | 0                                 | 0.0%        | 0        | 0.0%        |
| \$250,001 - \$1 Million (Bus)-\$500k (Farm) | 2   | 3.8%          | 696          | 25.1%         | 1          | 7.1%          | 400          | 47.2%         | 0                                 | 0.0%        | 0        | 0.0%        |
| Over \$1 Million (Bus)-\$500k (Farm)        | 0   | 0.0%          | 0            | 0.0%          | 0          | 0.0%          | 0            | 0.0%          | 0                                 | 0.0%        | 0        | 0.0%        |
| <b>Total</b>                                | <b>53</b>   | <b>100.0%</b> | <b>2,770</b> | <b>100.0%</b> | <b>14</b>  | <b>100.0%</b> | <b>848</b>   | <b>100.0%</b> | <b>0</b>                          | <b>0.0%</b> | <b>0</b> | <b>0.0%</b> |

\*Information based on 2015 ACS data

CRA Loan Distribution Table

Exam: Twin Valley Bank 2018

Assessment Area/Group: Twin Valley AA, 2014 - 2016

| Income Categories                           | SMALL BUSINESS                                      |         |          |         | SMALL FARM |         |          |         | SMALL BUS. SECURED BY REAL ESTATE |       |          |       |
|---|---|---------|----------|---------|------------|---------|----------|---------|-----------------------------------|-------|----------|-------|
|   | #   | %       | \$(000s) | %       | #          | %       | \$(000s) | %       | #                                 | %     | \$(000s) | %     |
|   | <b>By Tract Income</b>                              |         |          |         |            |         |          |         |                                   |       |          |       |
| Low   | 0   | 0.00%   | 0        | 0.00%   | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Moderate                                    | 23  | 7.40%   | 2,244    | 12.50%  | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Low/Moderate Total                          | 23  | 7.40%   | 2,244    | 12.50%  | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Middle                                      | 269   | 86.50%  | 13,804   | 77.00%  | 49         | 90.70%  | 5,711    | 89.20%  | 0                                 | 0.00% | 0        | 0.00% |
| Upper                                       | 19  | 6.10%   | 1,880    | 10.50%  | 5          | 9.30%   | 695      | 10.80%  | 0                                 | 0.00% | 0        | 0.00% |
| Unknown                                     | 0   | 0.00%   | 0        | 0.00%   | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Tract Unknown                               | 0   | 0.00%   | 0        | 0.00%   | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Total                                       | 311   | 100.00% | 17,928   | 100.00% | 54         | 100.00% | 6,406    | 100.00% | 0                                 | 0.00% | 0        | 0.00% |
|   | <b>By Revenue</b>                                   |         |          |         |            |         |          |         |                                   |       |          |       |
| Total \$1 Million or Less                   | 88  | 28.30%  | 4,428    | 24.70%  | 41         | 75.90%  | 2,655    | 41.40%  | 0                                 | 0.00% | 0        | 0.00% |
| Over \$1 Million                            | 28  | 9.00%   | 1,655    | 9.20%   | 4          | 7.40%   | 1,528    | 23.90%  | 0                                 | 0.00% | 0        | 0.00% |
| Not Known                                   | 195   | 62.70%  | 11,845   | 66.10%  | 9          | 16.70%  | 2,224    | 34.70%  | 0                                 | 0.00% | 0        | 0.00% |
| Total                                       | 311   | 100.00% | 17,928   | 100.00% | 54         | 100.00% | 6,406    | 100.00% | 0                                 | 0.00% | 0        | 0.00% |
|   | <b>By Loan Size</b>                                 |         |          |         |            |         |          |         |                                   |       |          |       |
| \$100,000 or less                           | 269   | 86.50%  | 8,140    | 45.40%  | 35         | 64.80%  | 1,097    | 17.10%  | 0                                 | 0.00% | 0        | 0.00% |
| \$100,001 - \$250,000                       | 30  | 9.60%   | 4,728    | 26.40%  | 11         | 20.40%  | 1,852    | 28.90%  | 0                                 | 0.00% | 0        | 0.00% |
| \$250,001 - \$1 Million (Bus)-\$500k (Farm) | 12  | 3.90%   | 5,060    | 28.20%  | 6          | 11.10%  | 1,964    | 30.70%  | 0                                 | 0.00% | 0        | 0.00% |
| Over \$1 Million (Bus)-\$500k (Farm)        | 0   | 0.00%   | 0        | 0.00%   | 2          | 3.70%   | 1,493    | 23.30%  | 0                                 | 0.00% | 0        | 0.00% |
| Total                                       | 311   | 100.00% | 17,928   | 100.00% | 54         | 100.00% | 6,406    | 100.00% | 0                                 | 0.00% | 0        | 0.00% |
|   | <b>By Loan Size and Revenue \$1 Million or Less</b> |         |          |         |            |         |          |         |                                   |       |          |       |
| \$100,000 or less                           | 77  | 87.50%  | 2,306    | 52.10%  | 31         | 75.60%  | 944      | 35.60%  | 0                                 | 0.00% | 0        | 0.00% |
| \$100,001 - \$250,000                       | 8   | 9.10%   | 1,242    | 28.00%  | 9          | 22.00%  | 1,455    | 54.80%  | 0                                 | 0.00% | 0        | 0.00% |
| \$250,001 - \$1 Million (Bus)-\$500k (Farm) | 3   | 3.40%   | 880      | 19.90%  | 1          | 2.40%   | 256      | 9.60%   | 0                                 | 0.00% | 0        | 0.00% |
| Over \$1 Million (Bus)-\$500k (Farm)        | 0   | 0.00%   | 0        | 0.00%   | 0          | 0.00%   | 0        | 0.00%   | 0                                 | 0.00% | 0        | 0.00% |
| Total                                       | 88  | 100.00% | 4,428    | 100.00% | 41         | 100.00% | 2,655    | 100.00% | 0                                 | 0.00% | 0        | 0.00% |

\*Information based on 2010 ACS data

Consumer Loan Distribution Table

Exam: Twin Valley Bank 2018

Assessment Area/Group :Twin Valley AA, 2014 - 2017

|                    | CONSUMER LOANS              |        |          |        |                    |        |          |        |
|--------------------|-----------------------------|--------|----------|--------|--------------------|--------|----------|--------|
|                    | By Tract Income             |        |          |        | By Borrower Income |        |          |        |
|                    | #                           | %      | \$(000s) | %      | #                  | %      | \$(000s) | %      |
|                    | <b>Motor Vehicle</b>        |        |          |        |                    |        |          |        |
| Low                | 0                           | 0.0%   | 0        | 0.0%   | 27                 | 17.0%  | 244      | 13.1%  |
| Moderate           | 4                           | 2.5%   | 15       | 0.8%   | 25                 | 15.7%  | 254      | 13.7%  |
| Low/Moderate Total | 4                           | 2.5%   | 15       | 0.8%   | 52                 | 32.7%  | 498      | 26.8%  |
| Middle             | 137                         | 86.2%  | 1,590    | 85.7%  | 34                 | 21.4%  | 450      | 24.3%  |
| Upper              | 18                          | 11.3%  | 251      | 13.5%  | 26                 | 16.4%  | 364      | 19.6%  |
| Unknown            | 0                           | 0.0%   | 0        | 0.0%   | 47                 | 29.6%  | 544      | 29.3%  |
| Tract Unknown      | 0                           | 0.0%   | 0        | 0.0%   | 0                  | 0.0%   | 0        | 0.0%   |
| Total              | 159                         | 100.0% | 1,856    | 100.0% | 159                | 100.0% | 1,856    | 100.0% |
|                    | <b>Consumer Loan Totals</b> |        |          |        |                    |        |          |        |
| Low                | 0                           | 0.0%   | 0        | 0.0%   | 27                 | 17.0%  | 244      | 13.1%  |
| Moderate           | 4                           | 2.5%   | 15       | 0.8%   | 25                 | 15.7%  | 254      | 13.7%  |
| Low/Moderate Total | 4                           | 2.5%   | 15       | 0.8%   | 52                 | 32.7%  | 498      | 26.8%  |
| Middle             | 137                         | 86.2%  | 1,590    | 85.7%  | 34                 | 21.4%  | 450      | 24.3%  |
| Upper              | 18                          | 11.3%  | 251      | 13.5%  | 26                 | 16.4%  | 364      | 19.6%  |
| Unknown            | 0                           | 0.0%   | 0        | 0.0%   | 47                 | 29.6%  | 544      | 29.3%  |
| Tract Unknown      | 0                           | 0.0%   | 0        | 0.0%   | 0                  | 0.0%   | 0        | 0.0%   |
| Total              | 159                         | 100.0% | 1,856    | 100.0% | 159                | 100.0% | 1,856    | 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.