

PUBLIC DISCLOSURE

May 31, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Settlers Bank
RSSD# 2747279

115 Third Street
Marietta, Ohio 45750

Federal Reserve Bank of Cleveland

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

NOTE: This document is an evaluation of this bank'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 bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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INSTITUTION'S CRA RATING

Settlers Bank (Settlers) is rated “**Satisfactory**”.

This rating is based on the following conclusions with respect to the performance criteria:

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area (AA) credit needs;
- A majority of loans and other lending-related activities are in the AA;
- The distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income) and businesses of different sizes given the demographics of the AA; and,
- The geographic distribution of loans reflects an excellent dispersion throughout the AA.

SCOPE OF EXAMINATION

The Federal Financial Institutions Examination Council's (FFIEC's) *Interagency Examination Procedures for Small Institutions* were utilized to evaluate the bank's CRA performance. The evaluation considered CRA performance context, including the bank's asset size, financial condition, business strategy and market competition, as well as AA demographic and economic characteristics, and credit needs. Lending performance was assessed within the bank's AA using a full scope review. The following data was reviewed:

- Settlers' 22-quarter average net loan-to-deposit ratio.
- Residential real estate, small business, consumer loans, and home equity lines of credit were analyzed from January 1, 2020, through December 31, 2021.
- Consumer loans consist of motor vehicle loans. Due to limited volumes, other unsecured and other secured were not considered in this evaluation.
- Based on the total loan volume by number and dollar amount, residential real estate lending received the most weight, followed by small business, motor vehicle, and home equity lines of credit, respectively.
- Borrower distribution received more weight than geographic distribution based on the percentage of low- and moderate-income (LMI) families compared to the percentage of LMI tracts in the AA.
- Lending performance in low-, moderate-, middle-, and upper-income census tracts and to low-, moderate-, middle-, and upper-income borrowers was considered for each product however, comments for activity in middle- and upper-income tracts and to middle- and upper-income borrowers are only included when they impacted the outcome of the analyses.

DESCRIPTION OF INSTITUTION

Settlers is an intrastate community bank headquartered in Marietta, Ohio. The bank's characteristics include:

- The bank is a wholly owned subsidiary of Third Street Bancshares, Inc.
- As of March 31, 2022, Settlers has total assets of \$143.1 million and total deposits of \$125.3 million. This represents a 19.2% increase in total assets and a 21.9% increase in total deposits since the previous CRA evaluation.
- The bank's main office with a cash-only ATM is in Marietta in a moderate-income tract. The bank has a drive-thru and offers extended and weekend hours.
- Settlers has not opened or closed any branches since the previous evaluation.
- Settlers is a full-service retail bank that offers traditional products, including deposit and checking accounts, commercial, residential real estate, agricultural, and consumer loans. Settlers offers a website, settlers.bank and no-fee online and mobile banking. Customers can monitor and confirm balances, review posted transactions, and transfer funds. Settlers also offers 24-hour touch-tone banking, no-fee online bill pay, a Visa debit card, and mobile wallet via Apple Pay, Android Pay, or Garmin Pay.
- Settlers' loan portfolio composition is show in the table below.

Composition of Loan Portfolio as of March 31, 2022		
Loan Type	\$(000)	%
Construction and Land Development	685	0.9
Farmland	544	0.7
1-4 Family Residential Real Estate	56,379	75.8
Multifamily Residential Real Estate	77	0.1
Non-Farm Non-Residential Real Estate	8,762	11.8
Agricultural	16	0.0
Commercial and Industrial	4,222	5.7
Consumer	3,735	5.0
Other	7	0.0
Gross Loans	74,421	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

The bank was rated Satisfactory under the CRA at its January 23, 2017, performance evaluation.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

DESCRIPTION OF ASSESSMENT AREA

Settlers' AA is in the Appalachian Region of southeast Ohio in Nonmetropolitan Ohio and consists of the entirety of Washington County. See Appendix A for an AA map and Appendix B for additional demographic data.

- There have been no changes to the bank's delineated AA since the prior performance evaluation.
- The AA consists of two moderate-, 12 middle-, and two upper-income census tracts. There are no low- or unknown-income tracts in the AA, and no middle-income tracts designated as distressed or underserved remote rural tracts, as defined annually by the FFIEC.
- According to the June 30, 2021, Federal Deposit Insurance Corporation's (FDIC) Summary of Deposits Report, Settlers ranked fourth amongst 10 financial institutions operating in the AA with a 6.5% deposit market share. Peoples Bank (Marietta, Ohio) holds the largest share of deposits in the market at 46.2%.
- One community contact interview was conducted to provide additional information regarding the area's credit needs and context to demographic and economic conditions of the local community.
 - The interview was conducted with a representative from a community-based workforce development group that tries to address widespread gaps between education and employment as well as supporting entrepreneurship efforts and career-connected learning for students and career seekers. According to the contact, since the onset of the COVID-19 pandemic, access to high-speed broadband service has become essential as jobs and schools have shifted online revealing how dire the "digital divide" is in Appalachia's rural, underserved communities. Students have lost nearly two years of schooling because of inadequate internet access and lack of devices. The contact stated there are opportunities for banks to provide financial literacy training for students, individuals, and entrepreneurs and invest in programs that prepare youth and young adults for the workforce. The contact stated that local financial institutions are willing partners and offer their assistance through memberships on boards and committees, sponsorships, attendance at community events, and providing educational opportunities.

Population Change			
Assessment Area: Nonmetropolitan Ohio			
Area	2015 Population	2020 Population	Percent Change
Washington County	61,351	59,652	-2.8
Ohio	11,575,977	11,693,217	1.0
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey U.S. Census Bureau Vintage 2020 Population Estimates for the United States and States</i>			

- The AA experienced a loss in population from 2015 through 2020, which is not atypical since Appalachian counties tend to have higher declining populations compared to non-Appalachian counties.
- 79.8% of the AA population was 18 years of age or older, the legal age to enter into a contract.
- 18.7% of the population in the AA was age 65 and over, compared to 15.1% in Ohio.
- AA population is aging and decreasing resulting in a shrinking working population or lack of labor supply and increasing demand for leisure and healthcare services.
- 10.5% of the AA’s population reside in the AA’s moderate-income tracts.
- Marietta is the largest city in the AA with a population of 13,356 according to 2019 U.S. Census data. Marietta’s population decreased by 5.2% since 2010. By comparison, Newport township is the smallest municipality in the AA and one of the smallest municipalities in Ohio with a population of 1,919 according to the 2019 U.S. Census data. Newport’s population decreased by 3.5% since 2010.

Borrower Income Levels											
Assessment Area: Nonmetropolitan Ohio											
FFIEC Estimated Median Family Income			Low		Moderate		Middle		Upper		
Year	\$	% Change	0	- 49.9%	50%	- 79.9%	80%	- 119.9%	120%	-	& above
2020	\$63,400		0	- \$31,699	\$31,700	- \$50,719	\$50,720	- \$76,079	\$76,080	-	& above
2021	\$64,700	2.1	0	- \$32,349	\$32,350	- \$51,739	\$51,760	- \$77,639	\$77,640	-	& above
<i>Source: 2020-2021 FFIEC Census Data</i>											

- During the evaluation period, the median family income (MFI) in the AA increased by 2.1%, reflecting minimal economic growth.
- According to 2015 U.S. Census data, AA MFI at \$39,439 is 39.0% less than Ohio MFI at \$64,700, indicating this AA has concentrated rural poverty.

Poverty Rates			
Assessment Area: Nonmetropolitan Ohio			
Area	2018	2019	2020
Washington County	15.9	11.0	13.4
Ohio	13.8	13.0	12.6
United States	13.1	12.3	11.9
<i>Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program</i>			

- Poverty rates in the AA were higher than poverty rates across Ohio and the United States in 2018 and 2020 but lower than either the state or national rates in 2019.
- Of the 16,380 families in the AA, 37.4% are designated as LMI with 10.8% living below poverty.
- Of the 25,064 households in the AA, 16.7% are below the poverty level and 2.0% receive public assistance
- According to Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis¹ in 2019, in Washington County 11.7% of the population received Supplemental Nutrition Assistance Program (SNAP) benefits. SNAP helps LMI individuals and families, the elderly, and the working poor purchase food and reduce food insecurity and may free up resources for other necessities, such as clothing, housing, and medical expenses.

Housing Cost Change						
Assessment Area: Nonmetropolitan Ohio						
Area	Median Housing Value			Median Gross Rent		
	2015	2020	Percent Change	2015	2020	Percent Change
Washington County	\$110,700	\$142,100	28.4	\$600	\$678	13.0
Ohio	\$129,900	\$151,400	16.6	\$730	\$825	13.0
<i>Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey</i>						

- Median housing values increased nearly 30.0% from 2015 to 2019 in Washington County. Overall, housing became less affordable across the AA most likely because MFI did not keep pace with home price growth.
- Based on 2015 Census data, the affordability ratio² was 39.4 in the AA compared to 38.1 in Ohio. Therefore, housing in the AA is more affordable than in other parts of Ohio.
- Median gross rent in Washington County increased from 2015 to 2019. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 43.2% of all renters in the AA have rental costs that are at least 30.0% of their income.
- There are 28,124 housing units in the AA, of which 67.0% are owner occupied, 22.1% are rental and 10.9% are vacant. Therefore, there are more households who own their homes than there are renters. Only 10.4% of total housing units are in moderate-income tracts; 46.8% of the housing units are owner-occupied and 53.2% are either rental or vacant. With 33.0% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate mortgage loans, particularly in moderate-income tracts.

¹ [Federal Reserve Economic Data \(FRED\)](#)

² The affordability ratio is derived by dividing the median household income by the median housing value. The higher the affordability ratio, the more affordable a home is considered.

- Housing units in the AA primarily consist of single-family dwellings (75.0%) and mobile homes (11.1%), compared to 73.0% single-family dwellings and 3.9% mobile homes across Ohio.
- The median age of housing stock in the AA is 52 years old, and 27.3% of housing units were built prior to 1950. The median age of housing stock in moderate-income tracts is 61 years old. The age of the housing stock across the AA, particularly in moderate-income tracts, demonstrates a potential need for home improvement lending and refinance or home improvement loans to remove lead-based paint that was commonly used on houses and apartments built before 1978.³

Housing Cost Burden						
Assessment Area: Nonmetropolitan Ohio						
Area	Cost Burden – Owners			Cost Burden – Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Washington County	49%	23%	15%	67%	13%	37%
Ohio	63%	32%	18%	73%	31%	41%

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2013-2017 Comprehensive Housing Affordability Strategy

- 49.0% of low-income homeowners and 67.0% of low-income renters are cost burdened, compared to 23.0% of moderate-income homeowners and 13.0% of moderate-income renters.
- About 15.0% of all homeowners across the AA are cost burdened, compared to 18.0% of all homeowners in Ohio.
- The data shows that cost burden disproportionately affects renter-occupied households, particularly low-income renters as well as low-income homeowners.
- Cost-burdened renters may have a difficult time saving enough monies to make a sufficient down payment to purchase a home or otherwise afford increasing rents.

Unemployment Rates					
Assessment Area: Nonmetropolitan Ohio					
Area	2016	2017	2018	2019	2020
Washington County	7.0%	6.2%	5.6%	5.4%	8.6%
Ohio	5.0%	5.0%	4.5%	4.2%	8.1%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics

- While 2016-2019 unemployment rates decreased across the AA, the 2020 unemployment rate increased substantially as a result of the COVID-19 pandemic. The average unemployment rate for the AA increased from 5.4% in 2019 to 8.6% in 2020.

³ [Ohio Department of Health/Know Our Programs/Childhood Lead Poisoning](#)

Unemployment rates across the AA were consistently higher than unemployment rates in Ohio during this period.

- According to Ohio Office of Research:⁴
 - Land use in Washington County is primarily rural with less than 9.0% available for urban (i.e., residential, commercial, industrial, or recreational) development.
 - The leading industries in the AA are education and health services; trade, transportation, and utilities; manufacturing; leisure and hospitality; professional and business services; and construction. Major employers include but are not limited to Marietta City Schools, Marietta College, Marietta Memorial Health System, Americas Styrenics, Kraton Polymers, Thermo Fisher Scientific, and Wal-Mart Stores. The average weekly wage for the private sector is \$902 and the average weekly wage for the service-providing sector is \$780, which indicates that employed persons could afford median rents in the AA.
- According to the Appalachian Regional Commission (ARC):⁵
 - Washington County is a “transitional” county (between the worst 25.0% and the best 25.0% of the nation’s counties) based on three economic indicators, over a three-year national average, for unemployment rate, per capita market income, and poverty rate.
- According to 2015 Census data and BroadbandOhio,⁶ while 76.2% of households in Washington County have a broadband internet subscription, 78.0% of the county’s populated area and 34.0% of households do not have access to the minimum bandwidth needed for basic internet activity. A Federal Reserve Bank of Cleveland report, *Access to Broadband is Essential for Positive Economic Outcomes*,⁷ found that employment rates differed markedly for those with and without broadband in both urban and rural counties. Nationally, those with access to a broadband-enabled computer are employed at a higher rate in urban and rural counties.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA⁸

This performance evaluation first discusses the bank’s overall performance, followed by an in-depth evaluation of performance in the Washington County AA. Settlers’ performance under the lending test is considered satisfactory with a reasonable net loan-to-deposit ratio, a majority of loans inside its assessment area, an overall reasonable borrower distribution for individuals and

⁴ Ohio County Trends: www.development.oh.gov/reports_countytrends_map

⁵ ARC: <https://www.arc.gov/classifying-economic-distress-in-appalachian-counties/>

⁶ BroadbandOhio: https://broadband.ohio.gov/static/countyprofiles/Washington%20County_BBOH.pdf

⁷ Cleveland Fed: <https://www.clevelandfed.org/en/newsroom-and-events/publications/notes-from-the-field/nftf-20210816-access-to-broadband-is-essential-for-positive-economic-outcomes.aspx>

⁸ The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation related to assessment areas.

businesses of different sizes, and an excellent geographic distribution with a low level of lending gaps.

Net Loan-to-Deposit Ratio (NLTD)

This performance criterion evaluates the bank’s average NLTD ratio to determine the reasonableness of lending in light of performance context, such as Settlers’ capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the AA since the previous evaluation in comparison to similarly situated FDIC-insured institutions (custom peer group). The custom peer group was selected based on asset size, market share, and the area where they are located.

Loan-to-Deposit Ratios							
Settlers Bank, Marietta, OH				The Citizens National Bank of Woodsfield, Woodsfield, OH	First Mutual Bank, FSB, Belpre, OH	The First National Bank of McConnellsville, McConnellsville, OH	CUSTOM PEER RATIO
As of Date	Net Loans \$(000s)	Total Deposits \$(000s)	Bank Ratio	Peer 1 Ratio	Peer 2 Ratio	Peer 3 Ratio	Custom Peer Ratio
March 31, 2022	72,934	125,265	58.2	35.7	58.9	59.9	51.5
December 31, 2021	75,162	129,744	57.9	35.0	60.2	58.0	51.1
September 30, 2021	79,488	124,537	63.8	34.3	59.4	57.3	50.3
June 30, 2021	80,234	123,296	65.1	34.8	58.7	59.9	51.1
March 31, 2021	81,495	124,168	65.6	36.2	57.6	56.7	50.2
December 31, 2020	84,234	123,815	68.0	39.0	60.7	51.8	50.5
September 30, 2020	87,870	116,644	75.3	39.2	61.4	54.7	51.8
June 30, 2020	91,307	121,578	75.1	39.4	60.1	54.2	51.2
March 31, 2020	93,750	108,035	86.8	41.3	57.2	59.5	52.6
December 31, 2019	94,291	110,253	85.5	43.1	55.5	62.3	53.7
September 30, 2019	94,195	108,578	86.8	39.0	53.1	62.1	51.4
June 30, 2019	93,904	103,748	90.5	38.9	53.5	59.9	50.8
March 31, 2019	94,906	104,930	90.5	37.9	53.5	58.0	49.8
December 31, 2018	95,899	105,374	91.0	40.5	50.7	63.2	51.5
September 30, 2018	96,778	106,695	90.7	41.5	47.8	63.9	51.0
June 30, 2018	96,945	106,905	90.7	40.5	44.9	61.7	49.0
March 31, 2018	98,311	108,839	90.3	42.5	43.6	62.4	49.5
December 31, 2017	98,496	107,780	91.4	43.5	77.2	63.3	61.3
September 30, 2017	102,162	106,746	95.7	42.0	77.6	64.6	61.4
June 30, 2017	100,993	106,994	94.4	42.5	73.7	63.8	60.0
March 31, 2017	102,090	112,880	90.4	41.9	71.7	62.4	58.7
December 31, 2016	102,237	102,817	99.4	43.2	74.0	64.4	60.5
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation			82.0	39.6	59.6	60.2	53.1

Settlers’ NLTD ratio averaged 82.0%, which was above the custom peer group average of 53.1%. Bank management indicated there has been a large increase in deposits (latest eight quarters), outpacing loan growth, due to direct payments to consumers and small businesses from various economic stimulus programs in response to the COVID-19 pandemic. This is a similar trend amongst other community banks. Settlers’ NLTD ratio is reasonable given the bank’s size, financial condition, and AA credit needs.

Assessment Area Concentration

Lending Inside and Outside the Assessment Areas								
Loan Type	Inside				Outside			
	#	#%	\$(000)	\$%	#	#%	\$(000)	\$%
Motor Vehicle	96	79.3	1,760	71.8	25	20.7	692	28.2
Other – Secured	21	65.6	248	64.2	11	34.4	139	35.8
Other – Unsecured	11	91.7	203	97.1	1	8.3	6	2.9
Total Consumer related	128	77.6	2,211	72.5	37	22.4	837	27.5
Home Equity	46	93.9	3,433	97.4	3	6.1	92	2.6
Residential Real Estate Loans	93	78.2	13,688	80.3	26	21.8	3,366	19.7
Total Non-HMDA Residential	139	82.7	17,121	83.2	29	17.3	3,457	16.8
Small Business	50	78.1	6,241	84.7	14	21.9	1,126	15.3
Total Small Business related	50	78.1	6,241	84.7	14	21.9	1,126	15.3
Total Loans	317	79.8	25,574	82.5	80	20.2	5,421	17.5

Note: Percentages may not total 100.0 percent due to rounding.

This performance criterion evaluates the percentage of lending extended inside and outside of the AAs. During the evaluation period, 79.8% by volume and 82.5% by dollar amount of the bank’s total loans were made inside the AA. A majority of loans by volume and other lending-related activities are in the bank’s AA.

Lending to Borrowers of Different Income Levels and to Businesses of Different Sizes

The bank’s lending has a reasonable distribution among individuals of different income levels and businesses of different sizes. Approximately 28.0% of loans to individuals were made to borrowers with unknown incomes compared to 60.7% of loans to businesses with unknown revenues. As a result, small business distribution received less consideration in this evaluation.

Residential Real Estate Lending

During the evaluation period, Settlers originated 94 residential real estate loans totaling \$13.7 million; nine (30.9%) of these loans were made to borrowers with unknown incomes. Settlers’ performance was compared to the percentage of families by family income (proxy). The borrower distribution of residential real estate lending is reasonable.

Distribution of Residential Real Estate Loans by Borrower Income Level					
Assessment Area: Nonmetropolitan Ohio					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	9	9.6	824	6.0	19.5
Moderate	11	11.7	991	7.2	18.0
Middle	15	16.0	2,451	17.9	20.3
Upper	30	31.9	5,624	41.1	42.2
Unknown	29	30.9	3,799	27.8	0.0
Total	94	100.0	13,688	100.0	100.0
<i>Source: 2020 and 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated nine (9.6%) residential real estate loans to low-income borrowers, which was below the percentage of families at 19.5%; and 11 (11.7%) residential real estate loans to moderate-income borrowers, which was below the percentage of families at 18.0%. The borrower distribution of residential real estate loans to LMI borrowers is reasonable.

Small Business Lending

Settlers originated 56 small business loans totaling \$6.2 million, and 34 (60.7%) were originated to businesses with unknown revenues. Settlers’ performance was compared to the percentage of businesses (proxy).

Distribution of Small Business Lending by Revenue Size of Businesses					
Assessment Area: Nonmetropolitan Ohio					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
By Revenue					
\$1 Million or Less	22	39.3	2,535	40.6	87.5
Over \$1 Million	0	0.0	0	0.0	10.4
Revenue Unknown	34	60.7	3,707	59.4	2.1
Total	56	100.0	6,241	100.0	100.0
By Loan Size					
\$100,000 or Less	42	75.0	1,921	30.8	
\$100,001 - \$250,000	9	16.1	1,381	22.1	
\$250,001 - \$1 Million	4	7.1	1,739	27.9	
Total	56	100.0	6,241	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	16	72.7	907	35.8	
\$100,001 - \$250,000	4	18.2	613	24.2	
\$250,001 - \$1 Million	2	9.1	1,014	40.0	
Total	22	100.0	2,535	100.0	
<i>Source: 2020 and 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated 22 (39.3%) of small business loans to businesses with revenues of \$1.0 million or less, which was below the percentage of businesses at 87.5%; however, the analysis is skewed because 60.7% of these loans were made to businesses with unknown revenues.

Settlers also originated 75.0% of its small dollar loans in amounts of \$100,000 or less. Settlers' willingness to lend in smaller amounts exhibits good responsiveness to credit needs of businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses. The distribution of small business lending is reasonable.

Consumer Lending: Motor Vehicle

During the evaluation period, Settlers originated 100 motor vehicle loans totaling \$1.8 million; 31 (31.0%) of these loans were made to borrowers with unknown incomes. Settlers' performance was compared to the percentage of households by household income (proxy). Settlers' borrower distribution of motor vehicle lending is reasonable.

Distribution of Consumer Loans by Borrower Income Level					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Motor Vehicle Loans					
Low	13	13.0	168	9.5	26.1
Moderate	19	19.0	228	13.0	16.4
Middle	16	16.0	363	20.6	17.0
Upper	21	21.0	442	25.1	40.5
Unknown	31	31.0	560	31.8	0.0
Total	100	100.0	1,760	100.0	100.0
Other – Secured Loans					
Low	5	21.7	35	14.1	26.1
Moderate	5	21.7	46	18.5	16.4
Middle	2	8.7	30	12.1	17.0
Upper	7	30.4	112	45.2	40.5
Unknown	4	17.4	25	10.1	0.0
Total	23	100.0	248	100.0	100.0
Other – Unsecured Loans					
Low	3	25.0	6	3.0	26.1
Moderate	3	25.0	14	6.9	16.4
Middle	2	16.7	8	3.9	17.0
Upper	1	8.3	150	73.9	40.5
Unknown	3	25.0	25	12.3	0.0
Total	12	100.0	203	100.0	100.0
Total Consumer Loans					
Low	21	15.6	209	9.5	26.1
Moderate	27	20.0	288	13.0	16.4
Middle	20	14.8	401	18.1	17.0
Upper	29	21.5	704	31.8	40.5
Unknown	38	28.1	610	27.6	0.0
Total	135	100.0	2,211	100.0	100.0
<i>Source: 2020-2021 FFIEC Census Data</i>					
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated 13 (13.0%) motor vehicle loans to low-income borrowers, which was below the percentage of households at 26.1%. Settlers originated 19 (19.0%) to moderate-income borrowers, which exceeded the percentage of households at 16.4%.

The borrower distribution of motor vehicle loans to low-income borrowers is reasonable and excellent to moderate-income borrowers; considering that LMI individuals spend a higher percentage of their income on necessities, like food, clothing, and housing. Also, access to transportation is essential for improving upward social mobility for lower-income individuals and communities.

Home Equity Lines of Credit

During the evaluation period, Settlers originated 46 home equity lines of credit totaling \$3.4 million; eight (17.4%) home equity lines of credit were originated to borrowers with unknown incomes. Settlers’ performance was compared to the percentage of families (proxy). Settlers’ borrower distribution of home equity lines of credit is reasonable.

Distribution of Home Equity Lines of Credit by Borrower Income Level					
Assessment Area: Nonmetropolitan Ohio					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	\$%	
Low	3	6.5	298	8.7	19.5
Moderate	6	13.0	311	9.1	18.0
Middle	7	15.2	534	15.6	20.3
Upper	22	47.8	1,890	55.1	42.2
Unknown	8	17.4	400	11.7	0.0
Total	46	100.0	3,433	100.0	100.0
<i>Source: 2020 and 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated three (6.5%) home equity lines of credit to low-income borrowers, which was significantly below the percentage of families at 19.5%. The bank originated six (13.0%) home equity lines of credit to moderate-income borrowers, which was below the percentage of families at 18.0%.

The borrower distribution of home equity lines of credit is poor to low-income borrowers and reasonable to moderate-income borrowers, considering lower-income households tend to have lower wealth accumulation or equity in their homes.

Geographic Distribution of Loans

The geographic distribution of loans reflects an excellent dispersion throughout the AA. The geographic distribution of residential real estate, small business, and home equity lines of credit is excellent and consumer lending is reasonable. Settlers has a low level of lending gaps.

Tract Income Level	Percentage of Lending Penetration	
	2020	2021
Moderate	100.0%	100.0%
Middle	91.7%	100.0%
Upper	100.0%	100.0%
Total	93.8%	100.0%

Settlers originated loans in a substantial majority of its total tracts during the evaluation period, including 100.0% of its moderate-income tracts.

Residential Real Estate Lending

During the evaluation period, Settlers originated 94 residential real estate loans totaling \$13.7 million. Settlers’ performance was compared to the percentage of owner-occupied units (proxy). Settlers’ geographic distribution of residential real estate loans is excellent.

Distribution of Residential Real Estate Loans by Income Level of Geography					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	8	8.5	861	6.3	7.2
Middle	67	71.3	9,733	71.1	82.7
Upper	19	20.2	3,094	22.6	10.1
Total	94	100.0	13,688	100.0	100.0
<i>Source: 2020 and 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers made eight (8.5%) residential real estate loans in moderate-income tracts, which exceeded the percentage of owner-occupied units in these tracts at 7.2%. Therefore, the geographic distribution of residential real estate loans in moderate-income tracts is excellent, considering the high percentage of rental and vacant units in these tracts and limited land suitable for residential development across the AA.

Small Business Lending

During the evaluation period, Settlers originated 56 small business loans totaling \$6.2 million. Settlers’ performance was compared to the percentage of businesses(proxy). Settlers’ geographic distribution of small business lending is excellent.

Distribution of Small Business Lending by Income Level of Geography					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	14	25.0	1,291	20.7	20.9
Middle	36	64.3	4,469	71.6	69.8
Upper	6	10.7	481	7.7	9.3
Total	56	100.0	6,241	100.0	100.0
<i>Source: 2020 and 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated 14 (25.0%) small business loans in moderate-income tracts, which exceeded the percentage of businesses in these tracts at 20.9%. Therefore, geographic distribution of small business loans in moderate-income tracts is excellent.

Consumer Lending: Motor Vehicle

During the evaluation period, Settlers originated 100 motor vehicle loans totaling \$1.8 million. Settlers’ performance was compared to the percentage of households by household tract (proxy). Settlers’ geographic distribution of motor vehicle loans is reasonable.

Distribution of Consumer Loans by Income Level of Geography					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	%	
Motor Vehicle Loans					
Low	0	0.0	0	0.0	0.0
Moderate	9	9.0	102	5.8	10.2
Middle	77	77.0	1,394	79.2	81.3
Upper	14	14.0	264	15.0	8.6
Total	100	100.0	1,760	100.0	100.0
Other – Secured Loans					
Low	0	0.0	0	0.0	0.0
Moderate	1	4.3	9	3.6	10.2
Middle	20	87.0	206	83.1	81.3
Upper	2	8.7	32	12.9	8.6
Total	23	100.0	248	100.0	100.0
Other – Unsecured Loans					
Low	0	0.0	0	0.0	0.0
Moderate	1	8.3	7	3.4	10.2
Middle	10	83.3	194	95.6	81.3
Upper	1	8.3	2	1.0	8.6
Total	12	100.0	203	100.0	100.0
Total Consumer Loans					
Low	0	0.0	0	0.0	0.0
Moderate	11	8.1	118	5.3	10.2
Middle	107	79.3	1,794	81.1	81.3
Upper	17	12.6	298	13.5	8.6
Total	135	100.0	2,211	100.0	100.0
<i>Source: 2020-2021 FFIEC Census Data</i>					
<i>2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers originated nine (9.0%) motor vehicle loans in moderate-income tracts, which was below the percentage of households in these tracts at 10.2%. The geographic distribution of motor vehicle lending in moderate-income tracts is reasonable, considering the limited number of moderate-income tracts and high poverty level of families in these tracts.

Home Equity Lines of Credit

During the evaluation period, Settlers originated 46 home equity lines of credit totaling \$3.4 million. Settlers’ performance was compared to the percentage of owner-occupied units (proxy). Settlers’ geographic distribution of home equity lines of credit is excellent.

Distribution of Home Equity Lines of Credit by Income Level of Geography					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Owner Occupied Units %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	0.0
Moderate	6	13.0	418	12.2	7.2
Middle	31	67.4	2,111	61.5	82.7
Upper	9	19.6	904	26.3	10.1
Total	46	100.0	3,433	100.0	100.0
<i>Source: 2020 and 2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey</i>					
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>					

Settlers made six (13.0%) home equity lines of credit in moderate-income tracts, which exceeded the percentage of owner-occupied units in these tracts at 7.2%. Therefore, the geographic distribution of home equity lines of credit in moderate-income tracts is excellent.

Response to Complaints

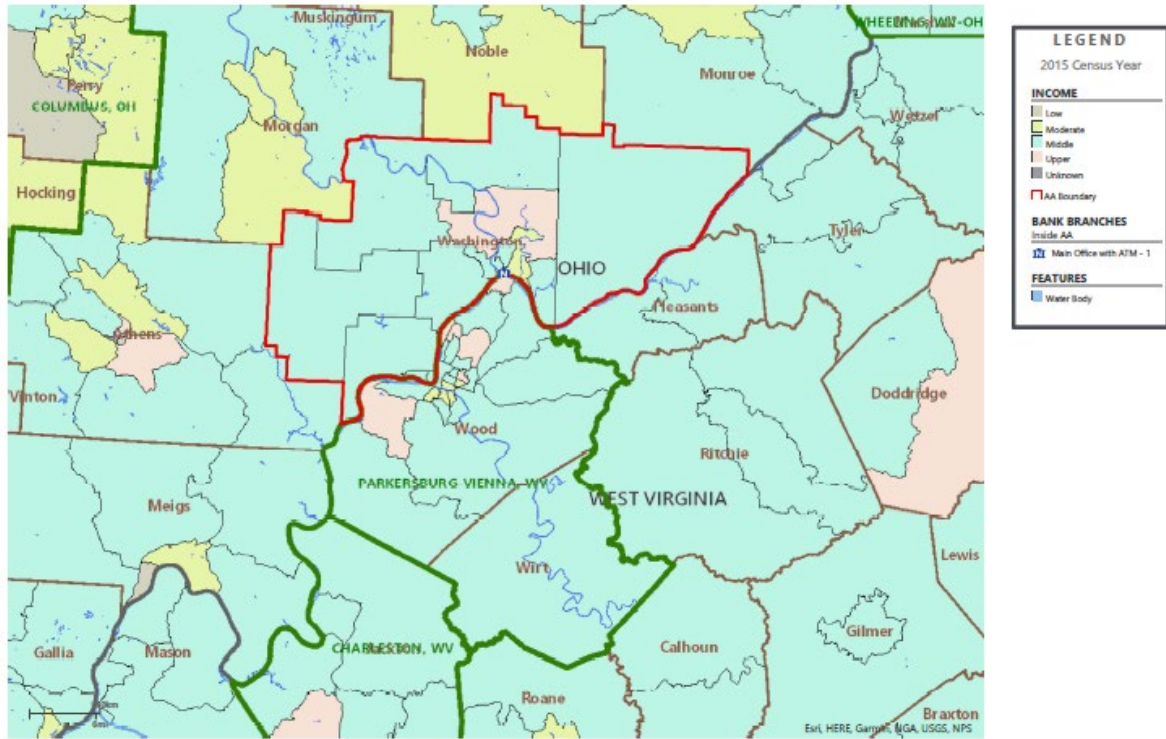
There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

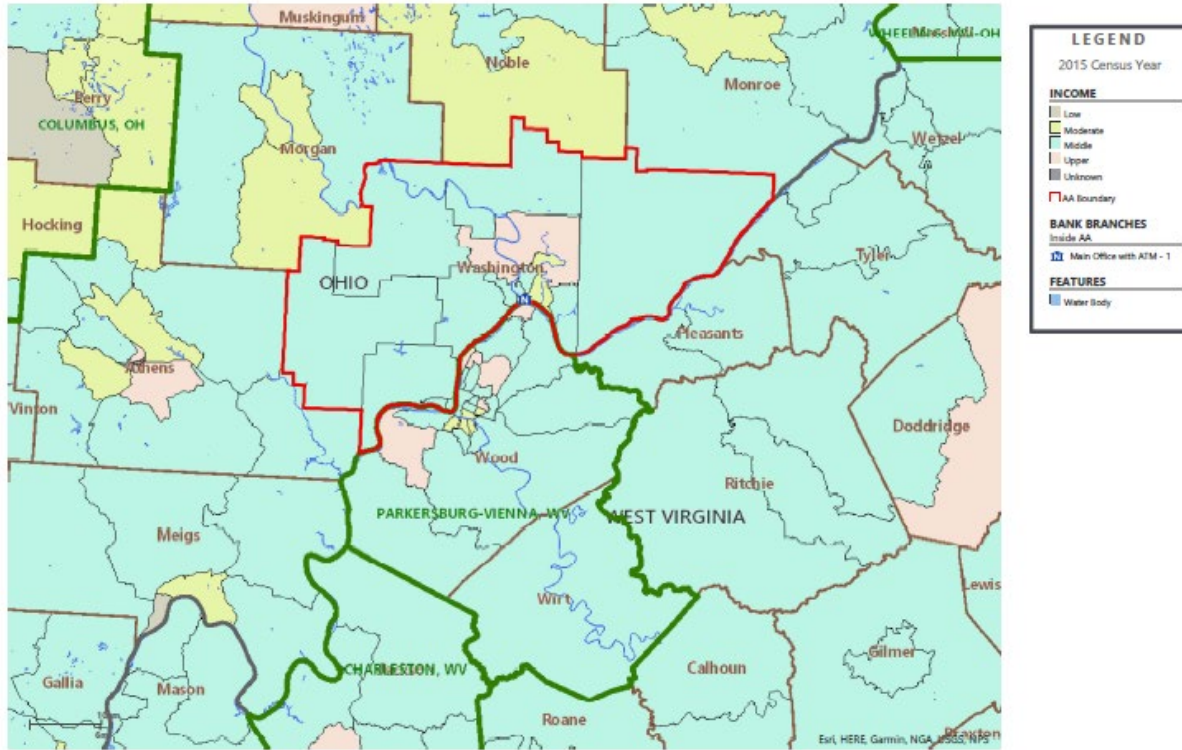
An evaluation of the bank’s fair lending activities was conducted during the examination to determine compliance with the substantive provisions of antidiscrimination laws and regulations, including the equal Credit Opportunity Act and the Fair Housing Act. No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – MAPS OF THE ASSESSMENT AREA

2021 Nonmetropolitan OH



2020 Nonmetropolitan OH



APPENDIX B – DEMOGRAPHIC INFORMATION

2021 NONMETROPOLITAN OHIO AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,192	19.5
Moderate	2	12.5	1,321	8.1	392	29.7	2,942	18.0
Middle	12	75.0	13,575	82.9	1,350	9.9	3,332	20.3
Upper	2	12.5	1,484	9.1	32	2.2	6,914	42.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	16,380	100.0	1,774	10.8	16,380	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,915	1,365	7.2	46.8	1,187	40.7	363	12.5
Middle	22,892	15,576	82.7	68.0	4,789	20.9	2,527	11.0
Upper	2,317	1,896	10.1	81.8	251	10.8	170	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,124	18,837	100.0	67.0	6,227	22.1	3,060	10.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	476	20.9	400	20.1	71	30.0	5	10.4
Middle	1,590	69.8	1,397	70.1	154	65.0	39	81.3
Upper	212	9.3	196	9.8	12	5.1	4	8.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,278	100.0	1,993	100.0	237	100.0	48	100.0
Percentage of Total Businesses:				87.5		10.4		2.1
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	3	2.8	3	2.8	0	0.0	0	0.0
Middle	93	85.3	92	85.2	1	100.0	0	0.0
Upper	13	11.9	13	12.0	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	109	100.0	108	100.0	1	100.0	0	0.0
Percentage of Total Farms:				99.1		0.9		0.0
<i>Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2020 NONMETROPOLITAN OHIO AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	3,192	19.5
Moderate	2	12.5	1,321	8.1	392	29.7	2,942	18.0
Middle	12	75.0	13,575	82.9	1,350	9.9	3,332	20.3
Upper	2	12.5	1,484	9.1	32	2.2	6,914	42.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16	100.0	16,380	100.0	1,774	10.8	16,380	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	2,915	1,365	7.2	46.8	1,187	40.7	363	12.5
Middle	22,892	15,576	82.7	68.0	4,789	20.9	2,527	11.0
Upper	2,317	1,896	10.1	81.8	251	10.8	170	7.3
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	28,124	18,837	100.0	67.0	6,227	22.1	3,060	10.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	506	21.2	422	20.2	79	31.6	5	10.4
Middle	1,665	69.8	1,468	70.3	158	63.2	39	81.3
Upper	215	9.0	198	9.5	13	5.2	4	8.3
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	2,386	100.0	2,088	100.0	250	100.0	48	100.0
Percentage of Total Businesses:			87.5		10.5		2.0	
	Total Farms by Tract		Farms by Tract & Revenue Size					
	#	%	Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	4	3.6	4	3.6	0	0.0	0	0.0
Middle	94	84.7	93	84.5	1	100.0	0	0.0
Upper	13	11.7	13	11.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	111	100.0	110	100.0	1	100.0	0	0.0
Percentage of Total Farms:			99.1		0.9		0.0	
<p>Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey</p> <p>Note: Percentages may not total 100.0 percent due to rounding.</p>								

APPENDIX C – GLOSSARY

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

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: 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, designated disaster areas; or designated distressed or underserved nonmetropolitan middle-income geographies.

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, 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 nonrelatives 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 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 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. For these institutions, no state ratings will be received unless the bank also maintains deposit facilities outside of the multistate metropolitan area. CRA activity is captured in either a state rating or a multistate metropolitan area rating, but not both.

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) 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 Reports 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.