

PUBLIC DISCLOSURE

August 15, 2022

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, 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

The Twin Valley Bank (Twin Valley) 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; 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. For this evaluation, Twin Valley has two delineated CRA AAs in Ohio:

- Nonmetropolitan Ohio
 - Consists of the and the entirety of Preble County and the northern portion of Butler¹ County.
- Dayton-Kettering, OH Metropolitan Statistical Area (MSA) #19430 (Dayton MSA)
 - Consists of the western portion of Montgomery County (excluding Greene and Miami counties).

The Nonmetropolitan Ohio and Dayton AAs will receive full-scope evaluations based on the following criteria: the volume of lending by number of loans and dollar amount as a percentage of overall lending activity, deposit market share, percentage of total deposits, number of branches, percentage of low- and moderate-income (LMI) geographies, and other non-financial considerations.

The following data was reviewed:

- Twin Valley's 18-quarter average net loan-to-deposit ratio.
- Small business loans, motor vehicle loans, and home equity lines of credit were analyzed from January 1, 2020, through December 31, 2021.

¹Butler County is part of the Cincinnati OH-KY-IN MSA. Because Butler County is contiguous to Preble County, and Twin Valley has no branches or deposit-taking facilities in Butler County, this county was added to the Nonmetropolitan Ohio AA.

- Twin Valley facilitated 646 PPP loans totaling \$13.5 million through the U.S. government's Paycheck Protection Program (PPP) between April 13, 2020, through May 31, 2021, to help small businesses impacted by the COVID-19 emergency. Of these 436 (67.5%) PPP loans, totaling \$9.7 million, were made in the bank's AAs.
- Due to limited volumes, lending in 2020 and 2021 was combined for each loan product. Also, there was only enough motor vehicle loans and home equity lines of credit to conduct a meaningful analysis in Nonmetropolitan Ohio.
- Based on the total loan volume by number and dollar amount, small business lending received the most weight, followed by motor vehicle, and home equity lines of credit, respectively. A sample of revenues for small business and borrower income for consumer loans was obtained.
- Nonmetropolitan Ohio was given greater weight in the evaluation, because it contains the largest percentage of loans (by number and dollar amount), total deposits, and branches; followed by the Dayton MSA.
- Borrower distribution received greater weight than geographic distribution based on the percentage of LMI families compared to the percentage of LMI tracts.
- Lending performance in low-, moderate-, middle-, and upper-income 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

Twin Valley is an intrastate community bank headquartered in West Alexandria, Ohio. The bank's characteristics include:

- The bank is an independent locally owned community bank.
- As of June 30, 2022, Twin Valley had total assets of \$116.5 million and total deposits of \$111.0 million. This represents a 74.5% increase in total assets and a 91.2% increase in total deposits since the previous CRA evaluation.
- Twin Valley has four branches with full-service ATMs.
- Twin Valley opened a new branch in New Lebanon in Montgomery County on March 2, 2020, and has not closed any branches since the previous evaluation.
- Twin Valley is a full-service retail bank that offers traditional products, including consumer and business checking and savings accounts, home equity loans, motor vehicle loans, credit cards, and commercial and agriculture loans.
- Twin Valley provides financial literacy for all school districts in Preble County and the New Lebanon school district in Montgomery County (where more than half of all students are eligible for the free- and reduced-lunch program). The program teaches students real world finance and practical life skills, such as budgeting, saving, understanding debt, and how to use the internet safely.
- Twin Valley' loan portfolio composition is show in the table below.

Composition of Loan Portfolio as of June 30, 2022		
Loan Type	\$(000)	%
Construction and Land Development	1,410	2.3
Farmland	8,291	13.4
1-4 Family Residential Real Estate	25,491	41.1
Multifamily Residential Real Estate	502	0.8
Non-Farm Non-Residential Real Estate	15,178	24.5
Agricultural	2,295	3.7
Commercial and Industrial	7,245	11.7
Consumer	1,412	2.3
Other	252	0.4
Gross Loans	62,076	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 April 16, 2018, 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA²

This performance evaluation first discusses the bank’s overall performance, followed by an in-depth evaluation of performance in each AA. Twin Valley’ 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 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 considering performance context, such as Twin Valley’s 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 Federal Deposit Insurance Corporation-insured (FDIC) institutions (custom peer group). The custom peer group was selected based on asset size, market share, and the area where they are located.

²The 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.

Loan-to-Deposit Ratios							
The Twin Valley Bank, West Alexandria, OH				The First National Bank of Germantown, Germantown, OH	Miami Savings Bank, Miamitown, OH	Valley Central Bank, Liberty Township, OH	CUSTOM PEER RATIO
As of Date	Net Loans \$(000s)	Total Deposits \$(000s)	Bank Ratio	Peer 1 Ratio	Peer 2 Ratio	Peer 4 Ratio	Custom Peer Ratio
June 30, 2022	61,658	110,979	55.6	65.6	71.9	96.2	77.9
March 31, 2022	60,463	108,238	55.9	70.0	72.2	93.2	78.5
December 31, 2021	60,603	104,530	58.0	67.5	72.7	92.3	77.5
September 30, 2021	59,104	105,029	56.3	66.8	70.4	98.7	78.6
June 30, 2021	61,766	102,425	60.3	68.7	70.8	96.3	78.6
March 31, 2021	63,207	94,931	66.6	67.3	66.7	102.4	78.8
December 31, 2020	59,680	89,098	67.0	65.8	72.2	113.4	83.8
September 30, 2020	60,902	86,379	70.5	76.2	76.4	117.9	90.2
June 30, 2020	60,265	81,598	73.9	74.9	81.6	119.4	92.0
March 31, 2020	55,884	71,568	78.1	73.5	91.2	130.8	98.5
December 31, 2019	55,319	69,058	80.1	71.8	91.9	135.8	99.8
September 30, 2019	51,426	67,410	76.3	73.5	93.4	123.8	96.9
June 30, 2019	51,910	64,988	79.9	70.5	92.9	150.0	104.5
March 31, 2019	49,119	60,668	81.0	70.3	90.6	143.2	101.4
December 31, 2018	47,332	58,333	81.1	74.6	89.4	131.0	98.3
September 30, 2018	45,779	59,814	76.5	73.6	89.8	135.5	99.6
June 30, 2018	45,411	58,591	77.5	72.3	94.8	134.3	100.5
March 31, 2018	43,838	57,766	75.9	69.4	89.1	128.0	95.5
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation			70.6	70.7	82.1	119.0	76.4

Twin Valley' NLTD ratio averaged 70.6% compared to the custom peer group average of 76.4%. Bank management indicated there has been a large increase in deposits (latest nine 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. Twin Valley's 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	49	94.2	710	92.9	3	5.80	\$55	7.1
Other – Secured	11	73.3	169	78.0	4	26.70	\$48	22.0
Other – Unsecured	3	100.0	15	100.0	0	0.00	\$0	0.0
Total Consumer related	63	90.0	894	89.7	7	10.00	\$102	10.3
Home Equity	34	94.4	2,357	90.7	2	5.60	\$242	9.3
Residential Loans	12	85.7	2,339	90.1	2	14.30	\$256	9.9
Total Non-HMDA Residential	46	92.0	4,696	90.4	4	8.00	\$498	9.6
Small Business	621	74.6	28,048	67.4	211	25.40	\$13,547	32.6
Total Small Business related	621	74.6	28,048	67.4	211	25.40	\$13,547	32.6
Small Farm	23	85.2	975	72.9	4	14.80	\$363	27.1
Total Small Farm related	23	85.2	975	72.9	4	14.80	\$363	27.1
Total Loans	753	76.9	34,613	70.5	226	23.10	\$14,510	29.5

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, 76.9% by volume and 70.5% 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

This performance criterion evaluates the bank's lending to borrowers of different income levels and businesses of different revenue sizes. The bank's lending has an overall reasonable distribution among individuals of different income levels and businesses of different sizes. Twin Valley's borrower distribution for motor vehicle lending is excellent and poor for home equity lending in Nonmetropolitan Ohio. Twin Valley's lending to businesses of different sizes is reasonable in Nonmetropolitan Ohio and the Dayton MSA.

The majority of Twin Valley's small business lending was PPP loans. Twin Valley originated 436 PPP loans totaling \$9.7 million in its delineated AAs, representing 70.0% of small business lending during the evaluation period. Banks were not required to collect revenue data for PPP loans, since the intent of the PPP is to assist small businesses; therefore, these unique circumstances affecting borrowers and banks resulting from the COVID-19 emergency will be considered in this evaluation. Gross annual revenue information was not available for a large percentage of the bank's small business loans; however, PPP loans are considered responsive to the needs of the community during the pandemic. Approximately 56.0% of PPP loans were originated in Nonmetropolitan Ohio and 11.0% in the Dayton AA.

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its AAs by income level of tracts with consideration given to the dispersion of loans throughout the AAs. The bank's overall geographic distribution of loans reflects an excellent tract dispersion throughout the AA. Geographic distribution of small business and motor vehicle loans and home equity lines of credit is excellent in Nonmetropolitan Ohio; and the geographic distribution of small business loans is poor in the Dayton MSA. Twin Valley has an overall moderate level of lending gaps, with moderate gaps in Nonmetropolitan Ohio and significant gaps in the Dayton AA.

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.

NONMETROPOLITAN AREA
(Full-scope Review)

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN
NONMETROPOLITAN OHIO**

Twin Valley's AA is in the southwestern region of Ohio in Nonmetropolitan Ohio and consists of the entirety of Preble County and portions of northern Butler County. See Appendix A for an AA map and Appendix B for additional demographic data.

- During the previous evaluation, Montgomery County was part of the Nonmetropolitan Ohio AA, because Twin Valley did not have a deposit-taking facility in the county. Subsequently, Twin Valley opened a new branch in Montgomery County; as a result, performance in the county is being evaluated in the Dayton MSA.
- This AA consists of two moderate-, 14 middle-, three upper-income, and three unknown tracts. There are no low-income tracts in the AA. No middle-income tracts are designated as distressed or underserved remote rural tracts, as defined annually by the FFIEC.
- Twin Valley has its main office and two branches with a full-service ATMs in Preble County. The main office is in West Alexandria in a middle-income tract. Twin Valley has a branch in Eaton in a moderate-income tract and a branch in Gratis in an upper-income tract. The main office and both branches offer drive-thru services and weekend and extended hours of service.
- According to the June 30, 2021, FDIC's Summary of Deposits Report, Twin Valley ranked third amongst nine financial institutions with a 14.8% market share in Preble County. The two largest market holders, LCNB National Bank and Somerville Bank, hold 26.6% and 19.0% of deposits in the market, respectively. This leaves the residual 54.4% market share available to the remaining seven financial institutions, including Twin Valley, to compete. By comparison, Twin Valley ranked 11th amongst 24 financial institutions with a 1.2% market share in Preble and Butler counties. The largest two market holders, Fifth Third National Bank and First Financial Bank, hold 26.1% and 22.2% of deposits in this market, respectively.
- A 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 workforce development group in Preble County. While the county has a skilled workforce, the contact indicated wages in the county are much lower than in other parts of Ohio. As a result, nearly four times the number of residents travel outside Preble County to work, compared to people that commute from neighboring counties into Preble County to work. The contact expressed the need for financial institutions to help small business owners get access to responsible small dollar loans. Despite the COVID-19 pandemic, Preble County has seen capital investment and increased job creation.

Population Change			
Assessment Area: Nonmetropolitan Ohio			
Area	2015 Population	2020 Population	Percent Change
Butler County	372,538	385,648	3.5
Preble County	41,682	40,836	-2.0
Cincinnati, OH-KY-IN MSA	2,162,401	2,232,907	3.3
Ohio	11,575,977	11,693,217	1.0
Source: 2011-2015 U.S. Census Bureau: American Community Survey U.S. Census Bureau Vintage 2020 Population Estimates for the United States and States			

- Preble County experienced a loss in population from 2015 through 2020 compared to Ohio. However, Butler County experienced a gain in population, reflecting the population gain in the Cincinnati MSA.
- 81.7% of the AA population was 18 years of age or older, the legal age to enter a contract.
- 13.9% of the population in the AA was age 65 and over, compared to 15.1% in Ohio.
- 9.1% of the AA’s population resides in the AA’s moderate-income tracts.
- According to 2020 Census data, Eaton is the largest municipality in Preble County with a population of 8,375; and its population decreased by 0.4% since 2010. By comparison, Gratis Township has a population of 3,218; and its population decreased by 3.4% since 2010.

Borrower Income Levels														
Assessment Area: Nonmetropolitan Ohio														
FHIEC 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	-	\$51,759	\$51,760	-	\$77,639	\$77,640	-	& above
Source: 2020-2021 FFIEC Census Data														

- During the evaluation period, the median family income (MFI) in the Nonmetropolitan Ohio increased by 2.1%.
- According to 2015 U.S. Census data, AA MFI at \$62,495 is comparable to Ohio MFI at \$62,817.

Poverty Rates				
Assessment Area: Nonmetropolitan Ohio				
Area	2018	2019	2020	
Butler County	12.4	11.7	10.1	
Preble County	9.7	8.9	8.8	
Ohio	13.8	13.0	12.6	
United States	13.1	12.3	11.9	
Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program				

- Poverty rates in Preble County and Butler County were lower than poverty rates across Ohio and the United States from 2018 to 2020. Poverty rates were lower in Preble County than Butler County during this period.

- Of the 19,241 families in the AA, 36.6% are designated as LMI with 8.6% living below poverty.
- Of the 29,528 households in the AA, 16.5% 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. Louis³ in 2019, in Preble County 9.4% of the population received Supplemental Nutrition Assistance Program (SNAP) benefits. In Butler County 8.8% of the population received 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
Butler County	\$157,200	\$172,900	10.0	\$817	\$883	8.1
Preble County	\$112,700	\$125,100	11.0	\$702	\$741	5.6
Cincinnati, OH-KY- IN MSA	\$153,344	\$168,900	10.1	\$750	\$842	12.3
Ohio	\$129,900	\$151,400	16.6	\$730	\$825	13.0
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey						

- Median housing values increased 10.1% from 2015 to 2020 in the AA. 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 ratio⁴ was 35.9 in the AA compared to 38.1 in Ohio. Therefore, housing in the AA is less affordable than other parts of Ohio.
- Median gross rent in Preble and Butler County increased from 2015 to 2020. The rise in median gross rent indicates the need for more affordable housing. According to 2015 Census data, 51.0% of all renters in the AA have rental costs that are at least 30.0% of their income.
- There are 33,142 housing units in the AA, of which 63.4% are owner occupied, 25.7% 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 46.0% are either rental or vacant. With 46.0% of housing units across the AA being either rental or vacant, there may be limited opportunities to originate home equity lines of credit particularly in moderate-income tracts.

³ [Federal Reserve Economic Data \(FRED\)](#)

⁴ 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 (79.3%) and mobile homes (4.4%), compared to 73.0% single-family dwellings and 3.4% mobile homes across Ohio.
- The median age of housing stock in the AA is 49 years old, and 24.9% of housing units were built prior to 1950. The median age of housing stock in moderate-income tracts is 54 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 1978.⁵

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
Butler County	63%	33%	17%	77%	29%	41%
Preble County	65%	36%	17%	72%	35%	37%
Cincinnati, OH-KY-IN MSA	65%	35%	18%	73%	28%	41%
Ohio	64%	32%	17%	73%	34%	40%

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy

- In Preble County, 65.0% of low-income homeowners and 72.0% of low-income renters are cost burdened, compared to 36.0% of moderate-income homeowners and 35.0% of moderate-income renters.
- In Butler County, 63.0% of low-income homeowners and 77.0% of low-income renters are cost burdened, compared to 33.0% of moderate-income homeowners and 29.0% of moderate-income renters.
- About 17.0% of all homeowners and 41.0% of all renters across the AA are cost burdened, compared to 17.0% of all homeowners and 40.1% of all renters 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 purchase a motor vehicle or otherwise afford increasing rents.

⁵[Ohio Department of Health/Know Our Programs/Childhood Lead Poisoning](#)

Unemployment Rates					
Assessment Area: Nonmetropolitan Ohio					
Area	2017	2018	2019	2020	2021
Butler County	4.4%	4.1%	3.8%	7.3%	4.5%
Preble County	4.4%	4.1%	3.8%	6.8%	4.1%
Cincinnati, OH-KY-IN MSA	4.3%	3.9%	3.7%	7.0%	4.4%
Ohio	5.0%	5.0%	4.5%	4.2%	8.1%
<i>Source: Bureau of Labor Statistics: Local Area Unemployment Statistics</i>					

- While 2017-2019 unemployment rates decreased in Preble and Butler counties; however, the 2020 unemployment rate increased substantially because of the COVID-19 pandemic. The average unemployment rate for Preble and Butler County increased from 3.8% in 2019 to 6.8% and 7.3%, respectively in 2020.
- As reported by Ohio Office of Research:⁶
 - Land use in Preble County is primarily rural with 7.0% available for residential, commercial, industrial, or recreational development; compared to land use in Butler County, which has 32.1% available for residential, commercial, industrial, or recreational development.
 - The leading industries in Preble County are trade, transportation, and utilities, construction, education and health services, professional and business services, and leisure and hospitality.
 - The leading industries in Butler County are trade, transportation, and utilities, professional and business services, education and health services, leisure and hospitality, and financial services.
- According to Preble County Chamber of Commerce,⁷ major employers in Preble County include but are not limited to TimkenSteel, Silfex, Bullen Ultrasonics, DuPont, Lewiburg Container, Pratt Industries, and Neaton. The average weekly wage for the private sector is \$798 and the average weekly wage for the service-providing sector is \$561, which indicates employed persons only from the private sector could afford median rents in the county.
- According to Dayton Development Coalition,⁸ major employers in the Dayton area include but are not limited to Miami University, Cincinnati Financial Corp, GE Aviation, AK Steel, Butler County Government, Lakota School District, and Mercy Regional Hospitals. The average weekly wage for the private sector is \$959 and the average weekly wage for the service-providing sector is \$849, which indicates employed persons only from the private sector could afford median rents in the county.
- Based on 2015 Census data and BroadbandOhio,⁹ 88.8% of households in Preble County have a broadband internet subscription and only 17.0% of the county’s populated area

⁶ Ohio County Trends: [County Trends \(ohio.gov\)](https://www.ohio.gov/)

⁷ Preble County Chamber of Commerce: <https://www.preblecountyohio.com/>

⁸ Dayton Development Coalition: <https://daytonregion.com/>

⁹ BroadbandOhio: https://broadband.ohio.gov/static/countyprofiles/Washington%20County_BBOH.pdf

and 5.0% of households do not have access to the minimum bandwidth needed for basic internet activity; compared to 82.7% of households in Butler County that have a broadband internet subscription and 75.0% of the county's populated area and 36.0% 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*,¹⁰ 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 CRITERIA IN NONMETROPOLITAN OHIO

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 20.0% of loans to individuals were made to borrowers with unknown incomes and 88.0% of loans to businesses with unknown revenues.

Small Business Lending

During the evaluation period, Twin Valley originated 535 small business loans to businesses of different sizes totaling \$23.9 million, of which 87.9% were extended to businesses with unknown revenues. Of the total small business loans, 424 (79.3%) loans totaling \$8.8 million were PPP loans. Twin Valley' performance was compared to the percentage of businesses (proxy).

¹⁰ 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>

Distribution of 2020-2021 Small Business Lending by Revenue Size of Businesses					
Assessment Area: Nonmetropolitan Ohio					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	54	10.1	7,238	30.3	91.5
Over \$1 Million	11	2.1	2,291	9.6	6.5
Revenue Unknown	470	87.9	14,331	60.1	2.0
Total	535	100.0	23,860	100.0	100.0
By Loan Size					
\$100,000 or Less	481	89.9	9,357	39.2	
\$100,001 - \$250,000	37	6.9	6,053	25.4	
\$250,001 - \$1 Million	16	3.0	6,536	27.4	
Total	535	100.0	23,860	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	34	63.0	1,407	19.4	
\$100,001 - \$250,000	15	27.8	2,519	34.8	
\$250,001 - \$1 Million	4	7.4	1,399	19.3	
Total	54	100.0	7,238	100.0	
<i>Source: 2020-2021 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>					

Twin Valley originated 54 (10.1%) loans totaling \$7.2 million to businesses with revenue of \$1.0 million or less, compared to the percentage of small businesses at 91.5%. While this is a very poor distribution, Twin Valley also originated 89.9% of its small dollar loans in amounts of \$100,000 or less. Twin Valley’s willingness to lend in smaller amounts exhibits very good responsiveness to credit needs of businesses in the AA, since small dollar loans tend to represent amounts typically requested by small businesses, particularly small businesses impacted by the COVID-19 emergency.

While this analysis is skewed by the large percentage of businesses with unknown gross annual revenues, Twin Valley’s willingness to lend in smaller amounts exhibits responsiveness to credit needs of small businesses in the AA. The need for access to capital, especially for small businesses, is critical for new businesses and existing businesses to expand. If PPP loans were excluded from the analysis, 48.6% of the bank’s loans were made to businesses with revenues of less than \$1.0 million. Considering these factors, Twin Valley’s distribution to businesses of different sizes is reasonable.

Motor Vehicle Lending

During the evaluation period, Twin Valley originated 45 motor vehicle loans totaling \$633,000, and 22.2% were made to borrowers with unknown incomes. Twin Valley’s performance was

compared to the percentage of households by household income (proxy). Twin Valley’s borrower distribution of motor vehicle lending is excellent.

Distribution of 2020-2021 Motor Vehicle Loans by Borrower Income Level					
Assessment Area: Nonmetropolitan Ohio					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	%	
Low	5	11.1	24	3.8	24.1
Moderate	14	31.1	185	29.2	15.7
Middle	11	24.4	194	30.6	18.4
Upper	5	11.1	58	9.2	41.8
Unknown	10	22.2	171	27.0	0.0
Total	45	100.0	633	100.0	100.0
Source: 2020-2021 FFIEC Census Data 2011-2015 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Twin Valley originated five (11.1%) motor vehicle loans to low-income borrowers which was below the percentage of households at 24.1%, Twin Valley originated 14 (31.1%) to moderate-income borrowers which significantly exceeded the percentage of households at 15.7%.

The borrower distribution of motor vehicle loans to low-income borrowers is reasonable and excellent to moderate-income borrowers; especially considering 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, Twin Valley originated 29 home equity lines of credit totaling \$2.0 million; five (17.2%) home equity lines of credit were originated to borrowers with unknown incomes. Twin Valley’s performance was compared to the percentage of families (proxy). Twin Valley’s borrower distribution of home equity lines of credit is poor.

Distribution of 2020-2021 Home Equity Lines of Credit by Borrower Income Level					
Assessment Area: Nonmetropolitan Ohio					
Borrower Income Level	Bank Loans				Families by Family Income %
	#	#%	\$(000)	%	
Low	1	3.4	8	0.4	18.1
Moderate	0	0.0	0	0.0	18.6
Middle	9	31.0	653	33.5	22.3
Upper	14	48.3	1,172	60.0	41.0
Unknown	5	17.2	120	6.1	0.0
Total	29	100.0	1,952	100.0	100.0

Source: 2020-2021 FFIEC Census Data
2011-2015 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Twin Valley originated one (3.4%) home equity line of credit to a low-income borrower, which was significantly below the percentage of families at 18.1%. The bank originated no home equity lines of credit to moderate-income borrowers, compared to the percentage of families at 18.6%.

Considering the bank’s performance relative to proxy, the borrower distribution of home equity lines of credit to low-income borrowers is poor and very poor to moderate-income borrowers. However, lower-income households tend to have lower wealth accumulation or equity making it more difficult to get approved.

Geographic Distribution of Loans

The geographic distribution of loans reflects an excellent dispersion throughout the AA. The geographic distribution of small business, motor vehicles, and home equity lines of credit is excellent. Twin Valley has a moderate level of lending gaps.

Tract Income Level	Percentage of Lending Penetration	
	2020	2021
Moderate	100.0%	100.0%
Middle	92.9%	100.0%
Upper	66.7%	100.0%
Unknown	0.0%	0.0%
Total	77.3%	86.4%

Twin Valley originated loans in a majority of its total tracts during the evaluation period, including in both moderate-income tracts each year.

Small Business Lending

During the evaluation period, Twin Valley originated 535 small business loans totaling \$23.9 million. Twin Valley’s performance was compared to the percentage of businesses by income-level (proxy). Twin Valley’s geographic distribution of small business lending is excellent.

Distribution of 2020-2021 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	86	16.1	6,624	27.8	15.4
Middle	391	73.1	15,560	65.2	63.0
Upper	58	10.8	1,676	7.0	11.7
Total	535	100.0	23,860	100.0	100.0
<i>Source: 2020-2021 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>					

Twin Valley originated 86 (16.1%) small business loans in moderate-income tracts, which exceeded the percentage of businesses in these tracts at 15.4%. Therefore, geographic distribution of small business loans in moderate-income tracts is excellent.

Motor Vehicle Lending

During the evaluation period, Twin Valley originated 45 motor vehicle loans totaling \$633,000. Twin Valley’s performance was compared to the percentage of households by tract income-level (proxy). Twin Valley’s geographic distribution of motor vehicle loans is excellent.

Distribution of 2020-2021 Motor Vehicle Loans by Income Level of Geography					
Assessment Area: Nonmetropolitan Ohio					
Geographic Income Level	Bank Loans				Households %
	#	#%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	9	20.0	149	23.5	10.7
Middle	29	64.4	378	59.7	63.3
Upper	7	15.6	106	16.7	18.6
Total	45	100.0	633	100.0	100.0
<i>Source: 2020-2021 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>					

Twin Valley originated nine (20.0%) motor vehicle loans in moderate-income tracts, which significantly exceeded the percentage of households in these tracts at 10.7%. Therefore, the geographic distribution of motor vehicle lending in moderate-income tracts is excellent.

Home Equity Lines of Credit

During the evaluation period, Twin Valley originated 29 home equity lines of credit totaling \$2.0 million. Twin Valley’s performance was compared to the percentage of owner-occupied units (proxy). Twin Valley’s geographic distribution of home equity lines of credit is excellent.

Distribution of 2020-2021 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	7	24.1	225	11.5	8.8
Middle	14	48.3	914	46.8	71.6
Upper	8	27.6	814	41.7	18.6
Total	29	100.0	1,952	100.0	100.0
<i>Source: 2020-2021 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>					

Twin Valley made seven (24.1%) home equity lines of credit in moderate-income tracts, which significantly exceeded the percentage of owner-occupied units in these tracts at 8.8%. Therefore, the geographic distribution of home equity lines of credit in moderate-income tracts is excellent.

METROPOLITAN STATISTICAL AREA
(Full-scope Review)

**DESCRIPTION OF THE INSTITUTION'S OPERATIONS IN THE
DAYTON-KETTERING MSA #19430**

The Dayton AA consists of the western portion of Montgomery County and shares a border with Preble County in Nonmetropolitan Ohio. This AA is more like Preble County (rural/suburban) than the eastern portion of Montgomery County, where Dayton is located. See Appendix A for an AA map and Appendix B for additional demographic data.

- The Dayton MSA became a delineated AA effective March 2, 2020, with the opening of a deposit-taking facility (branch). The tracts in this AA were part of the Nonmetropolitan Ohio AA prior to the branch opening.
- This AA consists of one low-, four moderate-, six middle-, and two upper-income tracts. There are no unknown-income tracts.
- Twin Valley opened its new branch with a full-service ATM and closed a nearby cash-only ATM in New Lebanon in a middle-income tract. The branch offers drive-thru services and weekend and extended hours of service.
- According to the June 30, 2022, FDIC's Summary of Deposits Report, Twin Valley ranked 18th among 20 financial institutions operating in Montgomery County with 0.06% deposit market share. Fifth Third Bank National Association holds the largest share of deposits in the county at 36.9%, followed by JP Morgan Chase Bank National Association with 17.6%. For comparison, Twin Valley ranked 25th among 27 financial institutions operating in the Dayton MSA with 0.04% deposit market share. Fifth Third Bank National Association holds the largest share of deposits in the market at 32.8%. Twin Valley has a minimal presence in market and must compete with several large national and regional banks in this fragmented, competitive market.
- A 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 with a representative from an organization that supports affordable housing initiatives in the Miami Valley. The contact stressed stable, quality, affordable housing is a critical need in the area. Presently, there is fierce competition for a historically low inventory of homes for sale, resulting in soaring prices and first-time homebuyers being outbid by investors and buyers willing to pay over asking price. As a result, LMI homebuyers are being forced to remain in substandard and/or higher cost rental units and may not be able to save enough for an adequate down payment. The lower-priced housing market is dominated by older homes (> 50 years), typically owned by LMI and elderly homeowners who may not have the resources to make costly repairs and maintenance associated with aged housing stock. There is also an inadequate supply of moderate- and higher-priced homes, which limits the area's ability to attract

higher-income households and sustain growth. The contact indicated there are opportunities for local financial institutions to address the area’s ongoing housing needs.

Population Change			
Assessment Area: Dayton-Kettering, OH MSA #19430			
Area	2015 Population	2020 Population	Percent Change
Montgomery County	533,763	531,610	-0.4
Dayton-Kettering, OH MSA	801,472	809,248	1.0
Ohio	11,575,977	11,693,217	1.0
Source: 2011-2015 U.S. Census Bureau: American Community Survey U.S. Census Bureau Vintage 2020 Population Estimates for the United States and States			

- Montgomery County experienced a 0.4% loss in population from 2015 through 2020 compared to a 1.0% gain in Ohio.
- 76.9% of the population in Montgomery County was 18 years of age or older, the legal age to enter a contract.
- 18.4% of the population in Montgomery County was age 65 and over, compared to 15.1% in Ohio.
- 2.7% of the county’s population resides in low- and 25.0% resides in moderate-income tracts.
- According to 2020 Census data, Trotwood is the largest municipality in the AA with a population of 23,070; and its population decreased by 5.6% since 2010. By comparison, New Lebanon has a population of 3,799; and its population decreased by 4.9% since 2010.

Borrower Income Levels										
Assessment Area: Nonmetropolitan Dayton-Kettering, OH #19430										
FFIEC Estimated Median Family Income			Low		Moderate		Middle		Upper	
Year	\$	% Change	0	- 49.9%	50%	- 79.9%	80%	- 119.9%	120%	- & above
2020	\$72,800		0	- \$36,399	\$36,400	- \$58,239	\$58,240	- \$87,359	\$87,360	- & above
2021	\$75,700	4.0	0	- \$37,849	\$37,850	- \$60,559	\$60,560	- \$90,839	\$90,840	- & above
Source: 2020-2021 FFIEC Census Data										

- During the evaluation period, the MFI in the AA increased by 4.0%.
- According to 2015 U.S. Census data, AA MFI at \$58,488 is 6.9% less than Ohio MFI at \$62,817.

Poverty Rates				
Assessment Area: Dayton-Kettering, OH MSA #19430				
Area	2018	2019	2020	
Montgomery County	16.9	15.3	14.7	
Ohio	13.8	13.0	12.6	
United States	13.1	12.3	11.9	
Source: U.S. Census Bureau Small Area Income and Poverty Estimates Program				

- Poverty rates in the AA were higher than poverty rates across Ohio and the United States from 2018 to 2020.

- Of the 14,747 families in the AA, 42.5% are designated as LMI with 12.6% living below poverty.
- Of the 21,220 households in the AA, 12.6% are below the poverty level and 3.4% receive public assistance
- According to Federal Reserve Economic Data (FRED) maintained by the Federal Reserve Bank of St. Louis¹¹ in 2019, in Montgomery County 13.0% of the population received 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: Dayton-Kettering, OH MSA #19430						
Area	Median Housing Value			Median Gross Rent		
	2015	2020	Percent Change	2015	2020	Percent Change
Montgomery County	\$109,900	\$119,800	9.0	\$728	\$793	8.9
Dayton-Kettering, OH MSA	\$122,646	\$135,000	10.1	\$744	\$807	8.5
Ohio	\$129,900	\$151,400	16.6	\$730	\$825	13.0
Source: 2011-2015 U.S. Census Bureau: American Community Survey 2016-2020 U.S. Census Bureau: American Community Survey						

- Median housing values increased 10.1% from 2015 to 2020 in the AA. 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 ratio¹² was 40.6 in the AA compared to 38.1 in Ohio. Therefore, housing in the AA is more affordable than other parts of Ohio.
- Median gross rent in Montgomery County increased from 2015 to 2020. The rise in median gross rents indicates the need for more affordable housing. According to 2015 Census data, 49.7% of all renters in the AA have rental costs that are at least 30.0% of their income.
- There are 23,621 housing units in the AA, of which 63.6% are owner occupied, 26.3% are rental and 10.2% are vacant. Therefore, there are more households who own their homes than there are renters. 27.7% of total housing units are in LMI tracts; 63.6% of the housing units are owner-occupied and 36.4% are either rental or vacant.
- Housing units in the AA primarily consist of single-family dwellings (82.9%) and mobile homes (1.9%), compared to 73.0% single-family dwellings and 3.4% mobile homes across Ohio.

¹¹ [Federal Reserve Economic Data \(FRED\)](#)

¹² 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.

- The median age of housing stock in the AA is 55 years old, and 24.8% of housing units were built prior to 1950. The median age of housing stock in LMI tracts is 58 and 55 years old, respectively.

Housing Cost Burden						
Assessment Area: Dayton-Kettering, OH MSA #19430						
Area	Cost Burden – Owners			Cost Burden – Renters		
	Low Income	Moderate Income	All Owners	Low Income	Moderate Income	All Renters
Dayton-Kettering, OH MSA	66%	34%	17%	74%	39%	41%
Ohio	64%	32%	17%	73%	34%	40%

Cost Burden is housing cost that equals 30 percent or more of household income
Source: U.S. Department of Housing and Urban Development (HUD), 2014-2018 Comprehensive Housing Affordability Strategy
Note: Data was not available for Montgomery County

- In the AA, 66.0% of low-income homeowners and 74.0% of low-income renters are cost burdened, compared to 34.0% of moderate-income homeowners and 39.0% of moderate-income renters.
- About 17.0% of all homeowners and 41.0% of all renters across the AA are cost burdened, compared to 17.0% of all homeowners and 40.0% of all renters 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 purchase a motor vehicle or otherwise afford increasing rents.

Unemployment Rates					
Assessment Area: Dayton-Kettering, OH MSA #19430					
Area	2017	2018	2019	2020	2021
Dayton-Kettering, OH MSA	4.7%	4.3%	4.1%	8.0%	5.1%
Ohio	5.0%	4.5%	4.2%	8.2%	5.1%

Source: Bureau of Labor Statistics: Local Area Unemployment Statistics
Note: Data was not available for Montgomery County

- While 2017-2019 unemployment rates decreased across the MSA, the 2020 unemployment rate increased substantially as a result of the COVID-19 pandemic. However, the average unemployment rate for the MSA decreased from 8.0% in 2020 to 5.1% in 2021. Unemployment rates across the MSA were the same or lower than unemployment rates across Ohio during this period.
- As reported by Ohio Office of Research:¹³
 - Land use in AA is primarily rural with less than 44.5% available for urban (i.e., residential, commercial, industrial, or recreational) development.

¹³ Ohio County Trends: www.development.oh.gov/reports_countytrends_map

- Leading industries in Montgomery County are trade, transportation, and utilities; professional and business services; education and health services, leisure and hospitality; and financial services.
- According to Butler County Development,¹⁴ major employers include but are not limited to Miami University, Cincinnati Financial Corp, GE Aviation, AK Steel, and Butler County government. The average weekly wage for the private sector is \$932 and the average weekly wage for the service-providing sector is \$897, which indicates that employed persons from the private and service-providing sectors could afford median rents in the county.
- Based on 2015 Census data and BroadbandOhio,¹⁵ while 85.5% of households in Montgomery County have a broadband internet subscription, 30.0% of the county's populated area and 6.0% of households do not have access to the minimum bandwidth needed for basic internet activity.

¹⁴Butler County Development:

<http://development.butlercountyohio.org/content/txtcontent/ed/documents/BC%20Top%2015%20Employers%202021.pdf>

¹⁵BroadbandOhio: https://broadband.ohio.gov/static/countyprofiles/Washington%20County_BBOH.pdf

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA IN
THE DAYTON-KETTERING MSA #19430

Lending to Businesses of Different Sizes

The bank’s lending has a reasonable distribution among businesses of different sizes.

Small Business Lending

During the evaluation period, Twin Valley originated 86 small business loans to businesses of different sizes totaling \$4.2 million, of which 90.7% were extended to businesses with unknown revenue. Of the total small business loans, 72 (92.3%) loans totaling \$1.8 million were PPP loans. Twin Valley’ performance was compared to the percentage of businesses (proxy).

Distribution of 2020-2021 Small Business Lending by Revenue Size of Businesses					
Assessment Area: Dayton-Kettering, OH MSA #19430					
	Bank Loans				Total Businesses %
	#	#%	\$(000)	%	
By Revenue					
\$1 Million or Less	7	8.1	985	23.5	93.8
Over \$1 Million	1	1.2	51	1.2	4.9
Revenue Unknown	78	90.7	3,152	75.3	1.3
Total	86	100.0	4,188	100.0	100.0
By Loan Size					
\$100,000 or Less	77	89.5	1,430	34.1	
\$100,001 - \$250,000	5	5.8	1,049	25.0	
\$250,001 - \$1 Million	4	4.7	1,709	40.8	
Total	86	100.0	4,188	100.0	
By Loan Size and Revenue \$1 Million or Less					
\$100,000 or Less	5	71.4	240	24.4	
\$100,001 - \$250,000	1	14.3	105	10.7	
\$250,001 - \$1 Million	1	14.3	640	65.0	
Total	7	100.0	985	100.0	
Source: 2020-2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.					

Twin Valley originated seven (8.1%) loans totaling \$985,000 to businesses with revenues of \$1.0 million or less, compared to the percentage of small businesses at 93.8%. While this is a very poor distribution, Twin Valley also originated 89.5% of its small dollar loans in amounts of \$100,000 or less. Twin Valley’ 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, particularly small businesses impacted by the COVID-19 emergency.

While this analysis was skewed by the large percentage of businesses with unknown gross annual revenues, Twin Valley’s willingness to lend in smaller amounts exhibits responsiveness to credit needs of small businesses in the AA. The need for access to capital, especially for small businesses, is critical for new businesses and existing businesses to expand. If PPP loans were excluded from the analysis, 50.0% of the bank’s loans were made to businesses with revenues of less than \$1.0 million. Therefore, Twin Valley’s distribution to businesses of different sizes is reasonable.

Geographic Distribution of Loans

The geographic distribution of small business lending is poor. Twin Valley has a significant level of lending gaps. The high concentration of lending outside the AA contributed to the poor geographic distribution.

Tract Income Level	Percentage of Lending Penetration	
	2020	2021
Low	0.0%	0.0%
Moderate	0.0%	25.0%
Middle	83.3%	83.3%
Upper	0.0%	100.0%
Total	38.5%	61.5%

While the branch was not open until March 2, 2020, these census tracts were already in the bank’s delineated AA. During the evaluation period, Twin Valley did not originate loans in the low-income tract; however, the percentage of businesses in this tract is only 2.4%. Twin Valley only originated three loans in one of four moderate-income tracts; there is more opportunity to originate loans in these tracts, since the percentage of businesses is 20.9%. It is noted that New Lebanon is closer to Preble County than Dayton in the eastern part of the county; and most loans made outside the AA were made in the southern part of the county. In addition, Twin Valley has a minimal presence in this competitive market. Bank management attributes the increased lending outside the AA to a new lending relationship with a realtor in that part of the county.

Small Business Lending

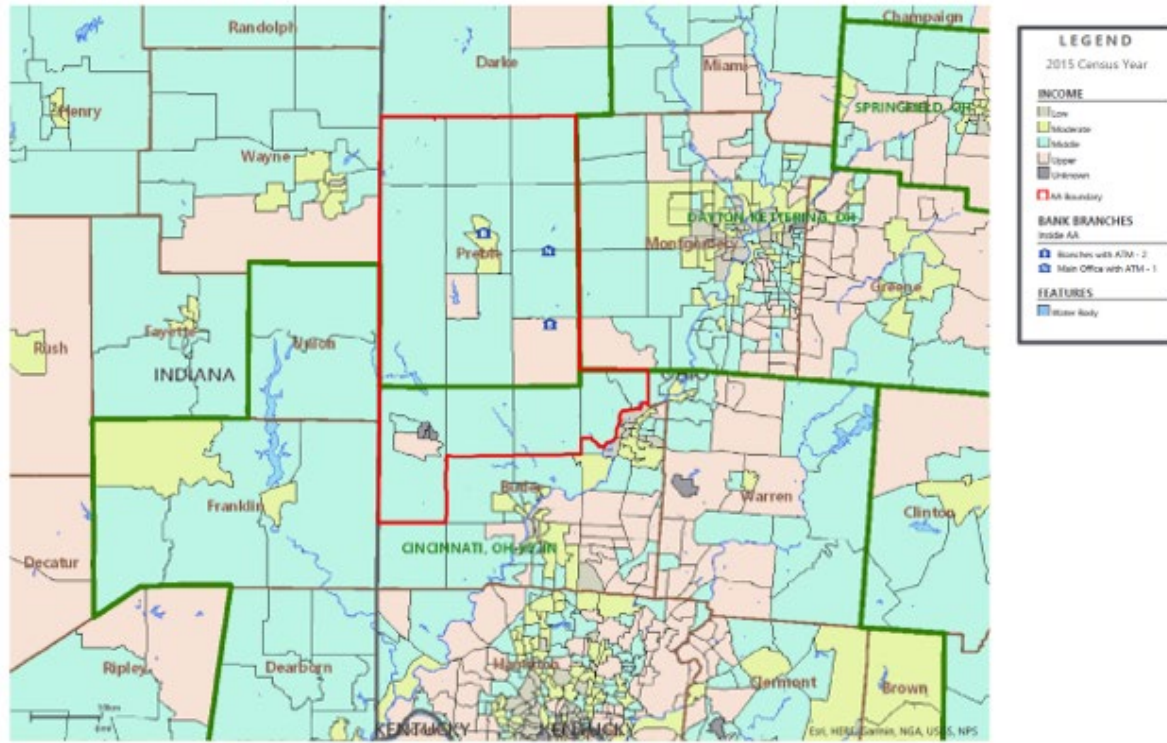
During the evaluation period, Twin Valley originated 86 small business loans totaling \$4.2 million. Twin Valley’s performance was compared to the percentage of businesses (proxy). Twin Valley’s geographic distribution of small business lending is poor.

Distribution of 2020-2021 Small Business Lending by Income Level of Geography Assessment Area: Dayton-Kettering, OH MSA #19430					
Geographic Income Level	Bank Loans				Total Businesses %
	#	#%	\$(000)	\$%	
Low	0	0.0	0	0.0	2.4
Moderate	3	3.5	52	1.2	20.9
Middle	78	90.7	4,063	97.0	61.8
Upper	5	5.8	73	1.7	14.8
Total	86	100.0	4,188	100.0	100.0
<i>Source: 2020-2021 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>					

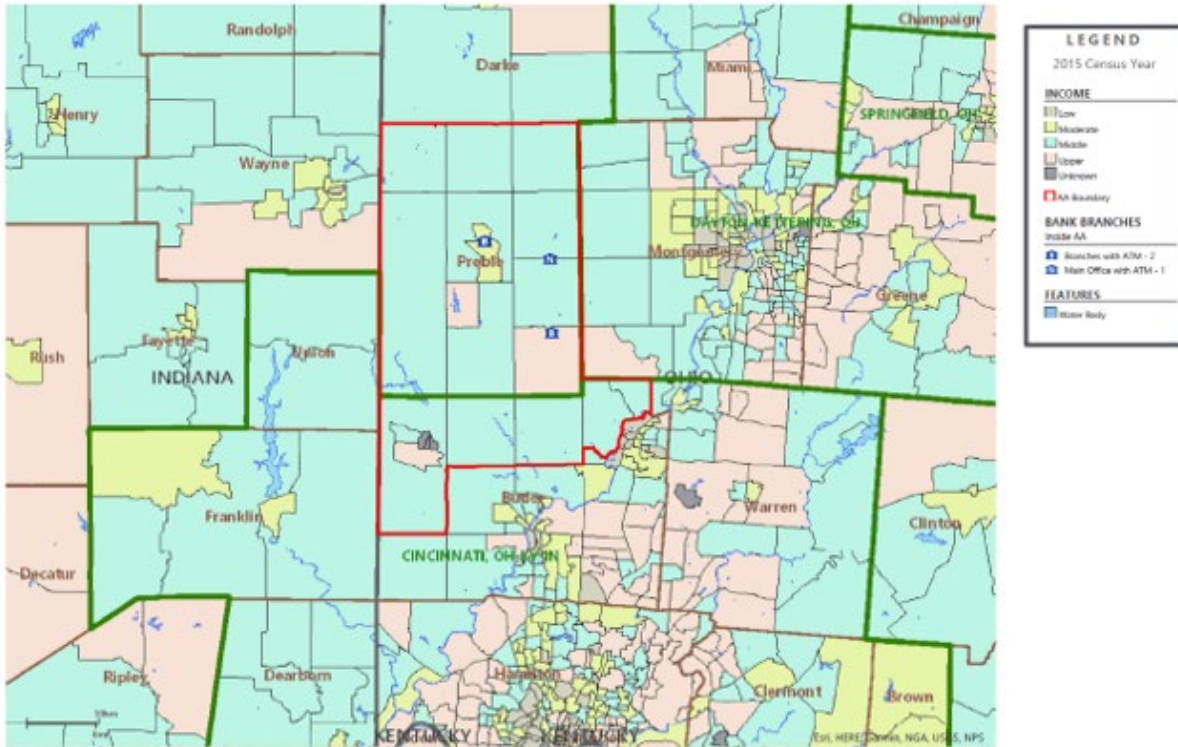
Twin Valley originated no small business loans in the low-income tract, compared to the percentage of businesses in the tract at 2.4%. The bank originated three (3.5%) small business loans in moderate-income tracts, which was significantly below the percentage of businesses in these tracts at 16.7%. Therefore, geographic distribution of small business loans in moderate-income tracts is poor.

APPENDIX A – MAPS OF THE ASSESSMENT AREA

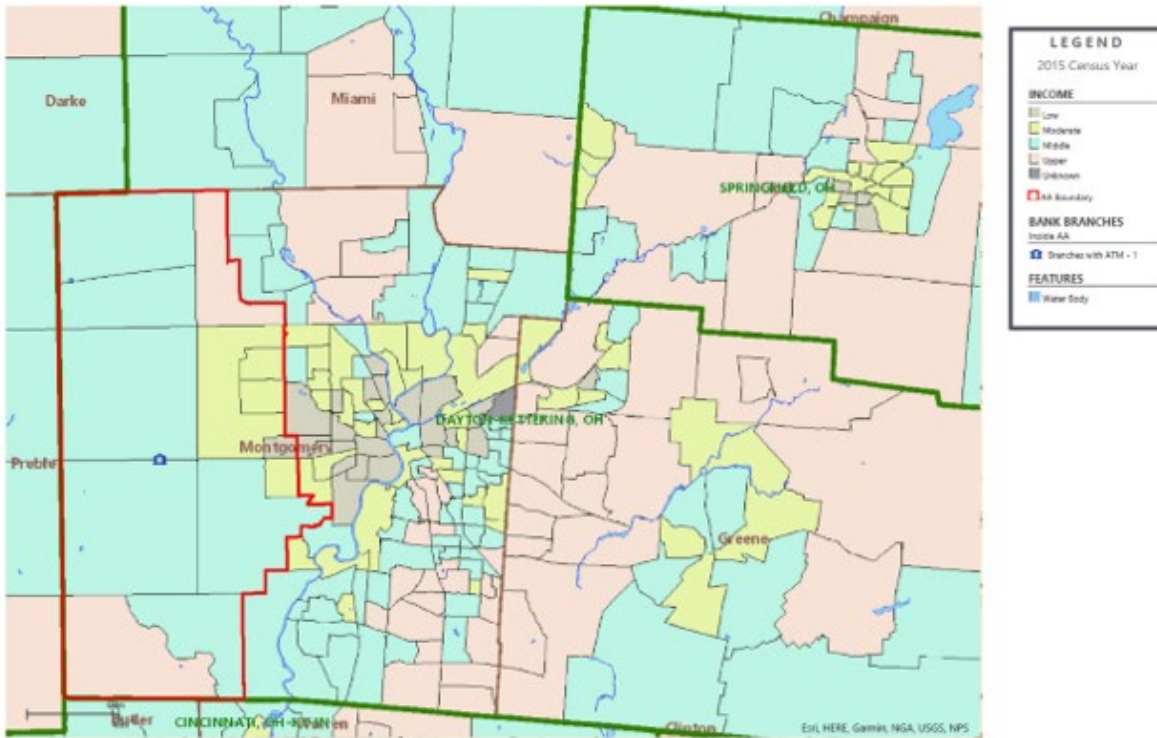
Assessment Area: 2021 Nonmetropolitan Ohio



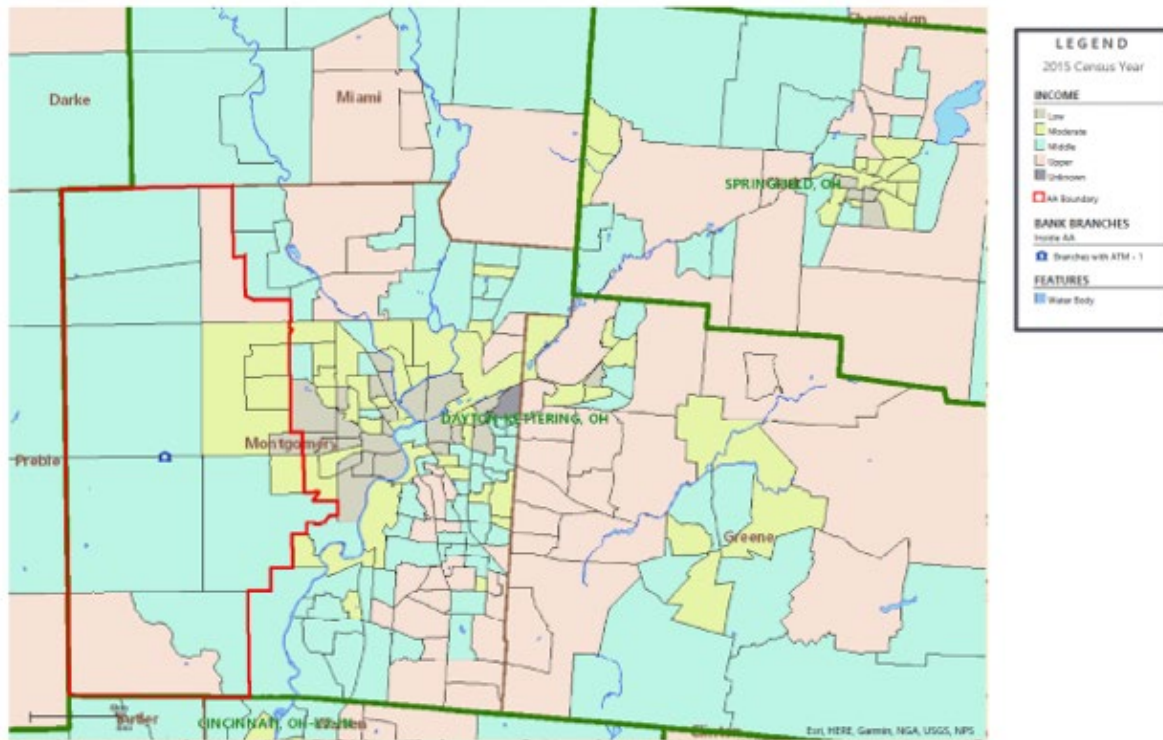
Assessment Area: 2020 Nonmetropolitan Ohio



Assessment Area: 2021 Dayton-Kettering, OH MSA #19430



Assessment Area: 2020 Dayton-Kettering, OH MSA #19430



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	3,478	18.1
Moderate	2	9.1	1,841	9.6	278	15.1	3,573	18.6
Middle	14	63.6	13,693	71.2	1,120	8.2	4,296	22.3
Upper	3	13.6	3,462	18.0	160	4.6	7,894	41.0
Unknown	3	13.6	245	1.3	91	37.1	0	0.0
Total AA	22	100.0	19,241	100.0	1,649	8.6	19,241	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	3,446	1,860	8.8	54.0	1,290	37.4	296	8.6
Middle	20,643	15,057	71.6	72.9	3,622	17.5	1,964	9.5
Upper	6,213	3,909	18.6	62.9	1,585	25.5	719	11.6
Unknown	2,840	195	0.9	6.9	2,010	70.8	635	22.4
Total AA	33,142	21,021	100.0	63.4	8,507	25.7	3,614	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	368	15.4	333	15.2	28	18.1	7	14.9
Middle	1,504	63.0	1,385	63.4	90	58.1	29	61.7
Upper	279	11.7	260	11.9	12	7.7	7	14.9
Unknown	235	9.8	206	9.4	25	16.1	4	8.5
Total AA	2,386	100.0	2,184	100.0	155	100.0	47	100.0
Percentage of Total Businesses:				91.5		6.5		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	2	0.8	2	0.8	0	0.0	0	0.0
Middle	250	94.0	245	93.9	4	100.0	1	100.0
Upper	13	4.9	13	5.0	0	0.0	0	0.0
Unknown	1	0.4	1	0.4	0	0.0	0	0.0
Total AA	266	100.0	261	100.0	4	100.0	1	100.0
Percentage of Total Farms:				98.1		1.5		0.4
<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	3,478	18.1
Moderate	2	9.1	1,841	9.6	278	15.1	3,573	18.6
Middle	14	63.6	13,693	71.2	1,120	8.2	4,296	22.3
Upper	3	13.6	3,462	18.0	160	4.6	7,894	41.0
Unknown	3	13.6	245	1.3	91	37.1	0	0.0
Total AA	22	100.0	19,241	100.0	1,649	8.6	19,241	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	3,446	1,860	8.8	54.0	1,290	37.4	296	8.6
Middle	20,643	15,057	71.6	72.9	3,622	17.5	1,964	9.5
Upper	6,213	3,909	18.6	62.9	1,585	25.5	719	11.6
Unknown	2,840	195	0.9	6.9	2,010	70.8	635	22.4
Total AA	33,142	21,021	100.0	63.4	8,507	25.7	3,614	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	
Moderate	384	346	15.6	15.4	31	19.6	7	16.3
Middle	1,547	1,433	63.0	63.6	89	56.3	25	58.1
Upper	282	263	11.5	11.7	13	8.2	6	14.0
Unknown	241	211	9.8	9.4	25	15.8	5	11.6
Total AA	2,454	2,253	100.0	100.0	158	100.0	43	100.0
Percentage of Total Businesses:				91.8		6.4		1.8
	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	
Moderate	4	4	1.4	1.5	0	0.0	0	0.0
Middle	257	252	93.1	93.0	4	100.0	1	100.0
Upper	14	14	5.1	5.2	0	0.0	0	0.0
Unknown	1	1	0.4	0.4	0	0.0	0	0.0
Total AA	276	271	100.0	100.0	4	100.0	1	100.0
Percentage of Total Farms:				98.2		1.4		0.4
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 DAYTON-KETTERING, OH MSA #19430 AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	7.7	352	2.4	153	43.5	3,129	21.2
Moderate	4	30.8	3,450	23.4	749	21.7	3,132	21.2
Middle	6	46.2	8,776	59.5	719	8.2	2,740	18.6
Upper	2	15.4	2,169	14.7	57	2.6	5,746	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	14,747	100.0	1,678	11.4	14,747	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	715	271	1.8	37.9	335	46.9	109	15.2
Moderate	6,382	2,866	19.1	44.9	2,559	40.1	957	15.0
Middle	13,638	9,306	62.0	68.2	3,135	23.0	1,197	8.8
Upper	2,886	2,574	17.1	89.2	174	6.0	138	4.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	23,621	15,017	100.0	63.6	6,203	26.3	2,401	10.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	44	2.4	44	2.6	0	0.0	0	0.0
Moderate	381	20.9	357	20.9	17	18.9	7	30.4
Middle	1,124	61.8	1,049	61.5	62	68.9	13	56.5
Upper	270	14.8	256	15.0	11	12.2	3	13.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,819	100.0	1,706	100.0	90	100.0	23	100.0
Percentage of Total Businesses:				93.8		4.9		1.3
	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	11	8.7	10	8.3	1	20.0	0	0.0
Middle	88	69.8	84	69.4	4	80.0	0	0.0
Upper	27	21.4	27	22.3	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	126	100.0	121	100.0	5	100.0	0	0.0
Percentage of Total Farms:				96.0		4.0		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2020 DAYTON-KETTERING, OH MSA #19430 AA DEMOGRAPHICS								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	7.7	352	2.4	153	43.5	3,129	21.2
Moderate	4	30.8	3,450	23.4	749	21.7	3,132	21.2
Middle	6	46.2	8,776	59.5	719	8.2	2,740	18.6
Upper	2	15.4	2,169	14.7	57	2.6	5,746	39.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	13	100.0	14,747	100.0	1,678	11.4	14,747	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	715	271	1.8	37.9	335	46.9	109	15.2
Moderate	6,382	2,866	19.1	44.9	2,559	40.1	957	15.0
Middle	13,638	9,306	62.0	68.2	3,135	23.0	1,197	8.8
Upper	2,886	2,574	17.1	89.2	174	6.0	138	4.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	23,621	15,017	100.0	63.6	6,203	26.3	2,401	10.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low	43	2.4	43	2.5	0	0.0	0	0.0
Moderate	362	20.0	337	19.8	18	19.4	7	35.0
Middle	1,141	62.9	1,067	62.8	63	67.7	11	55.0
Upper	267	14.7	253	14.9	12	12.9	2	10.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	1,813	100.0	1,700	100.0	93	100.0	20	100.0
Percentage of Total Businesses:					93.8		5.1	
	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	11	8.4	10	7.9	1	20.0	0	0.0
Middle	92	70.2	88	69.8	4	80.0	0	0.0
Upper	28	21.4	28	22.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	131	100.0	126	100.0	5	100.0	0	0.0
Percentage of Total Farms:					96.2		3.8	
Source: 2020 FFIEC Census Data 2020 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

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.