



## **PUBLIC DISCLOSURE**

November 19, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The Covington Savings and Loan Association  
Charter Number 700827

117 N. High Street  
Covington, Ohio 45318-1307

Office of the Comptroller of the Currency

Central Ohio Field Office  
Westlake Center  
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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **Overall CRA Rating: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

The Covington Savings and Loan Association (Covington or the thrift) has a satisfactory record of meeting the credit needs of its community. The major factors supporting the satisfactory rating include:

- Covington makes a substantial majority of its loans inside its assessment area (AA).
- Lending to borrowers of different income levels reflects reasonable distribution.
- Geographic distribution of lending in low- and moderate-income census tracts (CTs) reflects reasonable distribution.
- Covington's quarterly average net loan-to-deposit (LTD) ratio is reasonable.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor

vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) 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.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Covington is a federally-chartered savings association (stock thrift), and is wholly-owned by its holding company, Covington Financial Corporation, Mhc (mutual holding company). Both the thrift and holding company are headquartered in Covington, Ohio. Covington operates three offices including a main office in Covington, and two branch offices located in Covington (Miami County, Ohio) and Bradford, Ohio (Darke County, Ohio). The main and Bradford offices have automated teller machines (ATMs). There is a drive-up facility at both branch offices. All three offices are located in middle-income CTs. The thrift has not opened or closed any offices since the last CRA evaluation in 2013.

Covington has designated one AA located in the Dayton, OH, MSA 19380 (Dayton MSA AA). The AA consists of all CTs in Miami County, Ohio. Additionally, the AA includes CT 5401 in Darke County, which is located in a non-MSA. The thrift's Bradford office is located in Darke County. This geography does not extend substantially beyond the MSA boundary of Miami County; therefore, it was included in the Dayton MSA AA. The entire AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas. As of the 2010 U.S. Census, four CTs were moderate-income, fifteen were middle-income, and three were upper-income. As of the 2015 American Community Survey (ACS) U.S. Census, three CTs were moderate-income, fourteen were middle-income, and five were upper-income. Refer to ***Appendix B: Community Profiles for Full-Scope Areas*** for specific details regarding the AA.

Covington serves its community with traditional deposit accounts and 1-4 family residential real estate loans. As of September 30, 2018, total assets were \$69.1 million, with net loans and leases totaling \$37.5 million, representing 54.2 percent of total assets. Tier 1 capital was \$10.7 million, or 15.4 percent of total assets, for the same time period. During the lending evaluation period (2015 – 2017), the loan mix, based on dollar volume originated or purchased, consisted of 86.8 percent in residential real estate, 8.1 percent in commercial (business), and 5.1 percent in agricultural loans. The thrift's primary lending focus is residential real estate lending.

Competition in the AA is strong with state and national banks, savings associations, and branches of larger financial institutions. Through discussions with thrift management, primary competitors include Wright-Patt Credit Union, Inc. in Troy, Ohio, and Lending Tree. Financial institutions with significant deposit activity in the AA include The Park National Bank, Fifth Third Bank, and Greenville National Bank. According to the Federal Deposit Insurance Corporation's (FDIC's) Deposit Market Share Report as of June 30, 2017, 19 financial institutions with 59 offices operated in Miami and Darke counties. As of the FDIC's Deposit Market Share Report for June 30, 2016, 19 financial institutions with 62 offices operated in Miami and Darke counties. Covington holds the 11<sup>th</sup> largest deposit market share at 2.26 percent as of June 30, 2017, and 2.19 percent as of June 30, 2016.

There are no financial or legal impediments that affect Covington's ability to help meet the credit needs in its AA. Covington's previous CRA rating was "Satisfactory" as of the Performance Evaluation (PE) dated August 26, 2013.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We conducted a full-scope CRA evaluation to assess the thrift's record of meeting the credit needs of its entire community, including low- and moderate-income areas. We used the small savings association CRA evaluation procedures to assess the thrift's performance. The Lending Test includes loans originated and purchased from January 1, 2015, to December 31, 2017, (lending evaluation period). Residential real estate loans are the thrift's primary lending product and were evaluated under the Lending Test. We used the 2010 U.S. Census data for loans originated and purchased in 2015– 2016 and the 2015 ACS U.S. Census data for loans originated and purchased in 2017.

### **Data Integrity**

We completed a data integrity examination of the thrift's home mortgage loans, as reported in the HMDA Loan Application Registers (2015 – 2017), to determine the accuracy of the data. We found the data was accurate and reliable and was used in its entirety in this evaluation.

### **Selection of Areas for Full-Scope Review**

We completed a full-scope review of the thrift's only AA, the Dayton MSA AA, as described within the "***Description of Institution***" and "***Appendix B: Community Profiles for Full-Scope Areas***" sections of this PE.

### **Ratings**

Covington's overall rating is based on the full-scope review of its only AA, the Dayton MSA AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Covington's lending performance is satisfactory.

#### Loan-to-Deposit Ratio

Covington's LTD ratio is reasonable given its size, financial condition, and AA credit needs. The thrift's average LTD ratio over 21 quarters since the prior CRA evaluation (September 2013 through September 2018) is 52.8 percent. The ratio ranged from a high of 64.5 percent at September 30, 2018 to a low of 47.8 percent at March 31, 2015. The ratio has been trending up over the past ten quarters due to increased loan demand, but remains the lowest within the quarterly peer average range of similarly-situated financial institutions in Miami and Darke Counties in Ohio (67.2 percent to 112.9 percent). The quarterly average LTD ratio for all similarly-situated financial institutions in the AA was 89.6 percent, with the asset size of peer institutions in the AA ranging from \$53 million to \$450 million.

#### Lending in Assessment Area

Covington originated or purchased a substantial majority of its residential real estate loans inside its AA. As outlined in the "*Description of Institution*" above, the thrift's primary lending product is residential real estate lending. During the lending evaluation period, Covington originated or purchased 84.8 percent of its loans by number or 80.5 percent by dollar amount inside its AA. Refer to Table 1 for the number and dollar volume of loans originated or purchased inside the AA per year.

Table 1 – Lending in the Dayton MSA AA										
Loan Type	Number of Loans				Total #	Dollar Amount of Loans \$(in 000's)				Total \$(000's)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans										
2015	41	83.7	8	16.3	49	5,112	81.1	1,195	18.9	6,307
2016	48	90.6	5	9.4	53	4,806	90.4	509	9.6	5,315
2017	50	80.6	12	19.4	62	5,671	73.1	2,082	26.9	7,753
<b>Total</b>	<b>139</b>	<b>84.8</b>	<b>25</b>	<b>15.2</b>	<b>164</b>	<b>15,589</b>	<b>80.5</b>	<b>3,786</b>	<b>19.5</b>	<b>19,375</b>

Source: Covington's HMDA loan data from January 1, 2015 to December 31, 2017.

## Lending to Borrowers of Different Incomes

Lending to borrowers of different income levels reflects reasonable distribution.

### Information as of the 2010 U.S. Census Data, Loans originated or purchased in 2015 – 2016

Covington originated or purchased 89 residential real estate loans inside its AA in 2015-2016, demonstrating excellent distribution among borrowers of different income levels. The thrift's lending to moderate-income borrowers is better than the aggregate lending data. The thrift's lending to low-income borrowers is slightly lower than the aggregate lending data, but is overall reasonable. The 7.0 percent poverty rate for families below the poverty level limits lending opportunities, as residents of limited income may encounter difficulty meeting credit underwriting standards. Refer to Table 2 for the distribution of residential real estate loans among borrowers of different incomes for loans originated or purchased in 2015 – 2016.

Borrower Income Level	% of Number of Loans by Thrift	% of Loans by AA Lenders – Aggregate Lending Data	% of AA Families
Low	5.6	5.9	17.8
Moderate	20.2	16.1	18.7
Middle	25.8	19.7	23.2
Upper	44.9	35.8	40.3
Not Available	3.4	22.6	0.00

Source: Covington's HMDA data reported for years 2015 and 2016; 2016 HMDA Aggregate Lending Data; and 2010 U.S. Census data. Due to rounding, totals may not equal 100.0 percent.

### Information as of the 2015 ACS U.S. Census Data, Loans originated or purchased in 2017

Covington originated or purchased 50 residential real estate loans inside its AA in 2017, demonstrating reasonable distribution among borrowers of different income levels. The thrift's lending to moderate-income borrowers is better than the aggregate lending data. The thrift's lending to low-income borrowers is lower than aggregate lending data, but is still reasonable. The 9.7 percent poverty rate for families below the poverty level limits lending opportunities, as residents of limited income may encounter difficulty meeting safe and sound credit underwriting standards. Additionally, 27.3 percent of total housing units in the AA are occupied rental units. We also considered the median price of housing in the AA (\$135,853), relative to the maximum income of borrowers in the low- and moderate-income category, which may demonstrate a barrier to home ownership. Refer to **“Appendix B: Community Profiles for Full Scope Areas”** for

more details. Refer to Table 3 for the distribution of residential real estate loans among borrowers of different incomes for loans originated or purchased in 2017.

<b>Table 3 - Borrower Distribution of Residential Real Estate Loans in the Dayton MSA AA 2017</b>			
<b>Borrower Income Level</b>	<b>% of Number of Loans by Thrift</b>	<b>% of Loans by AA Lenders – Aggregate Lending Data</b>	<b>% of AA Families</b>
Low	4.0	7.6	18.3
Moderate	22.0	18.0	18.2
Middle	22.0	24.2	22.2
Upper	44.0	36.6	41.3
Not Available	8.0	13.5	0.00

Source: Covington’s HMDA data reported for year 2017; 2017 HMDA Aggregate Lending Data; and 2015 ACS U.S. Census data. Due to rounding, totals may not equal 100.0 percent.

### **Geographic Distribution of Loans**

Covington’s geographic distribution of loans reflects reasonable distribution.

Covington’s AA consists of three moderate-income CTs, fourteen middle-income CTs, and five upper-income CTs as of the 2015 ACS U.S. Census. The AA does not have any low-income CTs. The majority of the lending for residential real estate is in the middle-income CTs. The thrift’s three branches are all in middle-income CTs, consistent with the pattern of lending. The lending analysis reflected lending in most CTs. The Dayton MSA AA has strong competition for loans due to a large number of financial institutions in the area and only 65.7 percent owner-occupied units in the AA, as of the 2015 ACS Census.

During the lending evaluation period, the thrift originated 139 residential real estate loans inside the AA. Below is the geographic distribution of loans based on the loan originations and purchases in the AA.

### Information as of the 2010 U.S. Census Data, Loans originated or purchased in 2015 – 2016

Covington’s geographic distribution of loans within its AA is reasonable. The thrift has no low-income CTs and only four moderate income CTs. Based on 2015 – 2016 lending activity, there were no conspicuous lending gaps. Geographic distribution, when compared to the level of loans made by AA lenders (HMDA aggregate lending data) and to the level of owner-occupied housing in the moderate-income CTs, is overall reasonable. Approximately 26.7 percent of the total housing units are rental occupied.

Lending opportunities are somewhat limited by the proportion of households in the moderate-income CTs and the disproportionate number of these households that are below poverty. In 2015 and 2016, there were approximately 6,507 households in moderate-income CTs. Of these households, approximately 15.7 percent were below poverty. Refer to Table 4 for more details.

<b>Table 4 - Geographic Distribution of Residential Real Estate Loans in the Dayton MSA AA 2015 – 2016</b>			
<b>Census Tract Income Level</b>	<b>% of Number of Loans by Thrift</b>	<b>% of Loans by AA Lenders – Aggregate Lending Data</b>	<b>% of AA Owner Occupied Housing</b>
Moderate	5.6	11.9	12.9
Middle	89.9	61.1	67.2
Upper	4.5	27.0	20.0

Source: Covington’s HMDA data reported for years 2015 and 2016; 2016 HMDA Aggregate Lending Data; and 2010 U.S. Census data. Due to rounding, totals may not equal 100.0 percent.

**Information as of the 2015 ACS U.S. Census Data, Loans originated or purchased in 2017**

Covington’s geographic distribution of loans within its AA is reasonable. The thrift has no low-income tracts and only three moderate-income tracts. Based on 2017 lending activity, there were no conspicuous lending gaps. Geographic distribution when compared to the level of loans made by AA lenders (HMDA aggregate lending data) and to the level of owner occupied housing in the moderate income CTs is overall reasonable. Approximately 27.3 percent of the total housing units are rental occupied.

Lending opportunities are somewhat limited by the proportion of households in the moderate-income CTs and the disproportionate number of these households that are below poverty. In 2017, there were approximately 6,339 households in the moderate-income CTs. Of these households, approximately 23.7 percent were below poverty. Refer to Table 5 for more details.

<b>Table 5 - Geographic Distribution of Residential Real Estate Loans in the Dayton MSA AA 2017</b>			
<b>Census Tract Income Level</b>	<b>% of Number of Loans by Thrift</b>	<b>% of Loans by AA Lenders – Aggregate Lending Data</b>	<b>% of AA Owner Occupied Housing</b>
Moderate	6.0	12.0	13.3
Middle	88.0	52.1	56.7
Upper	6.0	35.9	30.0

Source: Covington’s HMDA data reported for year 2017; 2017 HMDA Aggregate Lending Data; and 2015 ACS U.S. Census data. Due to rounding, totals may not equal 100.0 percent.

### **Responses to Complaints**

Covington has not received any complaints about its performance in helping to meet the credit needs of its AA during the lending evaluation period.

# Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): 01/01/2015 to 12/31/2017 Investment and Service Tests and CD Loans: Not applicable (NA)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
The Covington Savings and Loan Association (Covington) Covington, OH	Residential Real Estate Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
NA		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Ohio Dayton MSA AA, located in the Dayton, OH MSA 19380	Full-Scope	Miami County, Ohio and CT 5401 in Darke County, Ohio

## Appendix B: Community Profiles for Full-Scope Areas

### Dayton MSA AA

Demographic Information for Full-Scope Area: Dayton MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.0	18.2	68.2	13.6	0.0
Population by Geography	105,947	0.0	14.4	67.1	18.5	0.0
Owner-Occupied Housing by Geography	30,271	0.0	12.9	67.2	20.0	0.0
Businesses by Geography	5,343	0.0	13.9	67.1	19.0	0.0
Farms by Geography	396	0.0	9.1	77.8	13.1	0.0
Family Distribution by Income Level	29,315	17.8	18.7	23.2	40.3	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,688	0.0	21.4	68.1	10.5	0.0
Median Family Income (MFI)	= \$60,009	Median Housing Value				= \$138,578
FFIEC Estimated MSA MFI for 2016	= \$59,500	Unemployment Rate – Miami County,				
Households Below the Poverty Level	= 8.9%	Annual Average 2016				= 4.3%

Source: 2010 U.S. Census; 2016 FFIEC updated MFI; 2016 D&B Data.

Due to rounding, totals may not equal 100.0 percent.

(\*) The NA category consists of geographies that have not been assigned an income classification.

Demographic Information for Full-Scope Area: Dayton MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	22	0.0	13.6	63.6	22.7	0.0
Population by Geography	106,922	0.0	14.6	57.2	28.2	0.0
Owner-Occupied Housing by Geography	29,963	0.0	13.3	56.7	30.0	0.0
Businesses by Geography	5,463	0.0	12.0	60.7	27.3	0.0
Farms by Geography	407	0.0	7.6	75.7	16.7	0.0
Family Distribution by Income Level	28,815	18.3	18.2	22.2	41.3	0.0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,519	0.0	21.8	59.3	18.9	0.0
Median Family Income (MFI) = \$61,957		Median Housing Value = \$135,853				
FFIEC Estimated MSA MFI for 2017 = \$63,600		Unemployment Rate – Miami County, Annual Average 2017 = 4.2%				
Households Below the Poverty Level = 11.6%		Unemployment Rate – Miami County, October 2018 = 3.7%				

Source: 2015 ACS U.S. Census; 2017 FFIEC updated MFI; 2017 D&B Data.

Due to rounding, totals may not equal 100.0 percent.

(\*) The NA category consists of geographies that have not been assigned an income classification.

Covington has one AA comprised of Miami County, Ohio in its entirety and CT 5401 in Darke County, Ohio (Dayton MSA AA). Miami County is located in the Dayton, OH MSA 19380. Darke County is located in a non-MSA. The thrift's Bradford office is located in Darke County. This geography does not extend substantially beyond the MSA boundary of Miami County; therefore, it was included in the Dayton MSA AA. The AA consists of whole CTs and surrounds the branches located in each county. The entire AA is contiguous, meets the requirements of the regulation, and does not arbitrarily exclude any low- or moderate-income areas.

The local economy is stable, with unemployment rates lower than the State of Ohio. The unemployment rate (not seasonally adjusted) as of October 2018 was 3.7 percent in both Miami and Darke Counties. This is lower than the State of Ohio unemployment rate of 4.3 percent for the same time period, but is slightly higher than the national rate of 3.5 percent. The source of the unemployment data is from the Ohio Department of Job and Family Services/Office of Workforce Development – Bureau of Labor Market Information. The AA has a diverse mix of national and international companies across many industries from manufacturing to service industries, as well as farming. Major employers in the AA include Upper Valley Medical Center, Clopay Building Products, F&P America, and American Honda.

We contacted one community contact during this evaluation. The community contact indicated that there is a need for affordable housing. In general, local financial

institutions are adequately meeting the credit and community development needs of the community.

According to the 2010 U.S. Census data, the median housing value in the Dayton MSA AA was \$138,578. Based on the 2016 median family income of \$59,500, low-income families make less than \$29,750 and moderate-income families make less than \$47,600. Overall median housing values are approximately 2.9 to 4.7 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 45,111 total housing units in the AA, of which 67.1 percent are owner-occupied. Approximately 8.9 percent of the households in the AA live below the poverty level, 30.2 percent receive social security benefits, and 1.6 percent receive public assistance.

According to the 2015 ACS U.S. Census data, the median housing value in the Dayton MSA AA was \$135,853. Based on the 2017 median family income of \$63,600, low-income families make less than \$31,800 and moderate-income families make less than \$50,880. Overall median housing values are approximately 2.7 to 4.3 times the annual income of low- and moderate-income families in the AA. The housing costs relative to income may have a limiting effect on mortgage demand among some low- and moderate-income families. There are 45,642 total housing units in the AA, of which 65.6 percent are owner-occupied. Approximately 11.6 percent of the households in the AA live below the poverty level, 33.4 percent receive social security benefits, and 1.8 percent receive public assistance.