

PUBLIC DISCLOSURE

November 30, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

RiverHills Bank
Certificate Number: 6662

553 Chamber Drive
Milford, Ohio 45150

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Kansas City Regional Office

1100 Walnut Street, Suite 2100
Kansas City, Missouri 64106

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

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INSTITUTION RATING

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

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

RiverHills Bank's CRA performance is based upon the following:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending-related activities are in the institution's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels (including low- and moderate-income individuals) and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.
- The bank's performance in providing branches and other services and delivery systems enhance credit availability in the assessment area and enhanced the Lending Test performance.

DESCRIPTION OF INSTITUTION

Background

RiverHills Bank is located in Milford, Ohio, and operates in Clermont County in southwestern Ohio. It is a wholly-owned subsidiary of New Richmond Bancorporation, a single-bank holding company based in New Richmond, Ohio. RiverHills Bank received a Satisfactory rating at its previous FDIC Performance Evaluation, dated January 26, 2016, based on Small Institution CRA Examination Procedures.

Operations

RiverHills Bank operates five banking offices in Clermont County, Ohio. In addition to the main office in Milford, branch offices are maintained in the following Ohio towns: Amelia, Felicity, Milford, and New Richmond. One office is in a moderate-income census tract, while two other offices are near moderate-income census tracts. In addition, a mortgage loan production office is located in West Chester, Ohio, in Butler County and serves the entire assessment area. The mortgage loan officers have established contacts throughout the assessment area and work to reach all areas. No offices were opened or closed during this evaluation period, and no mergers or acquisitions has occurred.

The bank’s loan products include home mortgage loans (including multi-family lending), commercial loans, farm loans, and Credit Builder Loans, with its primary focus being home mortgage loans and commercial loans. The bank provides financing for multi-family affordable housing supported by low-income housing tax credits (LIHTC). Mortgages are also sold on the secondary market. Additionally, the institution provides a variety of deposit services including checking, savings, and certificates of deposit. Alternative banking services include Internet banking, mobile banking, electronic bill payment, automated teller machines, and drive-up facilities.

Ability and Capacity

According to the Consolidated Report of Condition and Income (Call Report) dated June 30, 2021, the bank had total assets of \$238,849,000; total loans of \$141,728,000; total deposits of \$211,880,000; and total equity capital of \$21,059,000. The composition of RiverHills Bank’s loan portfolio as of June 30, 2021, is shown in the following table. The major categories of loans by dollar volume are home mortgage (includes multi-family) and commercial. The bank’s loan portfolio mix is representative of its business strategy and focus. Examiners did not identify any financial, legal, or other impediments that affect the bank’s ability to meet assessment area credit needs.

Loan Portfolio Distribution as of 6/30/21		
Loan Category	\$(000s)	%*
Construction, Land Development, and Other Land Loans	29,158	20.6
Secured by Farmland	445	0.3
Secured by 1-4 Family Residential Properties	11,773	8.3
Secured by Multi-family (5 or more) Residential	49,264	34.8
Secured by Nonfarm Nonresidential Properties	32,855	23.2
Total Real Estate Loans	123,495	87.1
Commercial and Industrial Loans	17,007	12.0
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer Loans	824	0.6
Other Loans	402	0.3
Less: Unearned Income	(0)	(0.0)
Total Loans	141,728	100.0
<i>Source: 6/30/2021 Call Report; *-Percentages may not add to 100 percent due to rounding.</i>		

DESCRIPTION OF ASSESSMENT AREA

The assessment area includes the entirety of Clermont, Hamilton, Warren, and Butler counties, which make up a portion of the Cincinnati, OH-KY-IN Metropolitan Statistical Area (MSA). The assessment area was expanded since the previous evaluation, when it consisted of Clermont County, a portion of Hamilton County, and a portion of Brown County.

Economic and Demographic Data

The following table provides a summary of the demographics, housing, and business information within the assessment area.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	375	13.9	22.1	33.9	28.0	2.1
Population by Geography	1,596,933	8.9	18.8	35.7	35.0	1.6
Housing Units by Geography	690,732	11.1	20.2	36.0	32.0	0.7
Owner-Occupied Units by Geography	402,304	4.1	15.1	39.2	41.5	0.1
Occupied Rental Units by Geography	217,225	19.6	28.3	31.9	18.8	1.4
Vacant Units by Geography	71,203	25.3	24.3	30.5	18.3	1.6
Businesses by Geography	107,129	7.4	17.7	31.8	41.8	1.2
Farms by Geography	2,910	3.5	13.4	45.9	37.0	0.2
Family Distribution by Income Level	399,586	22.3	16.1	19.4	42.2	0.0
Household Distribution by Income Level	619,529	25.8	15.2	16.6	42.4	0.0
Median Family Income MSA - 17140 Cincinnati, OH-KY-IN MSA		\$69,949	Median Housing Value			\$160,023
			Median Gross Rent			\$763
			Families Below Poverty Level			10.5%
<i>Source: 2015 ACS and 2020 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

The largest employment sectors in the assessment area are professional and business services, education and health services, government, and manufacturing. The economy in the assessment area remained stable during the evaluation period until the onset of the COVID-19 pandemic in early 2020. According to the Bureau of Labor Statistics, the unemployment rates increased in the assessment area during the pandemic stay-at-home order but are returning to pre-pandemic levels.

The assessment area's economy relies heavily upon small businesses. According to 2020 D&B data, 107,129 non-farm businesses are located in the assessment area. Of these businesses, 62.8 percent have four or fewer employees, 87.2 percent operate from a single location, and 82.3 have gross annual revenues of \$1 million or less. Gross annual revenues from the 2020 D&B data are used to analyze small business loans under the borrower profile criterion.

The Federal Financial Institution Examination Council (FFIEC) updated median family income is used to analyze home mortgage loans under the borrower profile criterion. The low-, moderate-, middle, and upper-income categories are presented in the following table. The categories are based on the 2019 and 2020 FFIEC-updated median family incomes for the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$76,700)	<\$38,350	\$38,350 to <\$61,360	\$61,360 to <\$92,040	≥\$92,040
2020 (\$80,100)	<\$40,050	\$40,050 to <\$64,080	\$64,080 to <\$96,120	≥\$96,120
<i>Source: FFIEC</i>				

Competition

The assessment area is a highly competitive market for financial services. According to the FDIC Deposit Market Share data as of June 30, 2021, 46 financial institutions operated 468 full-service offices within the assessment area. RiverHills Bank is ranked 21st in market share, holding 0.2 percent of all deposits. Furthermore, there is a high level of competition for home mortgage loans within the assessment area. In 2020, 564 lenders reporting 92,843 home mortgage loans originated or purchased. RiverHills Bank ranked 44th out of this group of lenders, with a 0.6 percent market share. The level of competition is high considering the size and population of the assessment area, the number of financial institution offices for banking services, and the number of lenders providing reportable home mortgage loans.

Community Contacts

As part of the evaluation process, examiners contact third parties active in the assessment area to assist in identifying the credit needs. This information helps determine whether local financial institutions are responsive to these needs. It also shows what credit opportunities are available. Examiners reviewed one previously conducted community contact with a housing organization that serves the assessment area. The contact detailed specific areas of need including: affordable housing, down payment assistance for home purchases, and products to assist persons with unfavorable credit.

Credit Needs

Considering information from the community contact, bank management, and demographic and economic data, examiners determined the primary credit needs are home mortgage and small business loans.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior evaluation dated January 26, 2016, to the current evaluation dated November 22, 2021. Examiners used the Small Institution CRA Examination Procedures to evaluate RiverHills Bank's CRA performance. This evaluation does not consider any lending activity performed by affiliates.

Activities Reviewed

Examiners determined that the bank's major product lines are home mortgage and commercial loans. This conclusion considered the bank's business focus, the loan portfolio composition, and the number and dollar of loans originated during the evaluation period. Bank records evidenced that the lending focus and product mix remained consistent throughout the evaluation period.

RiverHills Bank is subject to the Home Mortgage Disclosure Act (HMDA) data collection requirements. Therefore, this evaluation considered the 2019 and 2020 HMDA-reportable home mortgage loans. The bank originated 971 loans totaling \$231,410,000 during this evaluation period. The 2019 and 2020 aggregate data for HMDA reporters is included as a comparison for the bank's performance. The HMDA aggregate data consists of all reporters subject to the HMDA data collection requirements in the assessment area. In addition, all of the bank's small business loans originated from January 1, 2019, through December 31, 2020 were reviewed. During this period, the bank originated 694 small business loans totaling \$62,535,000.

The bank's record of originating home mortgage loans contributed more weight to overall conclusions due to the higher number of originations compared to small business loans during the review period. Agricultural loans do not represent a major product line, and therefore were not reviewed.

While both the number and dollar volume of home mortgage and small business loans is presented, examiners emphasized performance by number because the number is a better indicator of the quantity of individuals and businesses served. The 2015 ACS data and D&B data are the demographic comparators used in this evaluation. If different demographic data was used, the data source is noted.

The bank also finances numerous multi-family LIHTC affordable housing developments, and bank management requested that these community development loans be reviewed at this evaluation. Examiners considered the LIHTC loans, which were within the bank's assessment area or within a broader regional area. The broader regional area was defined as Ohio, Kentucky, Indiana, Michigan, and West Virginia. This is the same broader regional area that was used at the previous evaluation. Since the previous examination, nine loans totaling \$28,985,000 were originated in the assessment area and 136 loans totaling \$437,500,000 were originated in the broader regional area. Thirty-two of these loans, totaling \$39,624,000, were multi-family loans reported on the bank's HMDA data for 2019 and 2020. These loans were considered as part of the home mortgage loan review discussed above and included as community developments loans as allowed by the regulation since they were for multifamily dwellings. The remaining loans were not HMDA reportable and were only considered community development loans.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The bank exhibited satisfactory performance in the Small Bank Lending Test criteria.

Loan-to-Deposit Ratio

The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs. The bank's loan-to-deposit ratio, calculated from Call Report data over 22 calendar quarters, is shown in the following table. The ratio ranged from a high of 89.2 percent on March 31, 2019, to a low of 64.2 percent on December 31, 2020. The bank experienced a sizeable growth in deposits between December 31, 2019, to December 31, 2020.

Those new deposit funds could not be immediately placed in loans, which caused a decline in the loan-to-deposit ratio. Three of the four similarly-situated banks experienced a similar decline in loan-to-deposit ratios due to an influx in deposits. The bank also sells mortgages on the secondary market. Specifically, 305 loans totaling \$48,417,000 were sold in 2019 and 617 loans totaling \$113,033,000 were sold in 2020. Those loans are not reflected in the loan-to-deposit ratio and allow additional liquidity for funding more loans.

RiverHills Banks’s loan-to-deposit ratio is compared to the ratios of similarly-situated banks, based on their asset size, geographic location, and lending focus. As shown in the following table, RiverHills Bank’s loan-to-deposit ratio is generally in line with the similarly-situated banks, which all have offices in the assessment area. RiverHills Bank also has a large volume of community development loans that benefited the assessment area and a broader regional area. These loans provided affordable housing to low- and moderate-income individuals. Since the previous evaluation, the bank originated 145 community development loans totaling \$466,485,000.

Loan-to-Deposit (LTD) Ratio Comparison		
Bank	Total Assets as of 6/30/2021 (\$000s)	Average Net LTD Ratio (%)
RiverHills Bank	238,849	77.5
Similarly-Situated Institution #1	244,400	79.5
Similarly-Situated Institution #2	255,316	75.2
Similarly-Situated Institution #3	270,338	62.8
Similarly-Situated Institution #4	249,843	123.0
<i>Source: Reports of Condition and Income 3/31/2016 – 6/30/2021</i>		

Assessment Area Concentration

A majority of loans and other lending-related activities are in the institution’s assessment area. The following table details the number and dollar of lending in the assessment area for the products reviewed. Approximately 35 percent of the dollar volume of loans outside the assessment area in 2019 consisted on LIHTC loans that were originated in the broader regional area. However, the bank’s performance is still reasonable as a majority of loans, both by number and dollar volume, were originated in the assessment area.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	266	80.4	65	19.6	331	42,355	44.1	53,631	55.9	95,986
2020	509	79.5	131	20.5	640	94,855	70.0	40,569	30.0	135,424
Subtotal	775	79.8	196	20.2	971	137,210	59.3	94,200	40.7	231,410
Small Business										
2019	292	99.3	2	0.7	294	19,071	95.7	850	4.3	19,921
2020	368	92.0	32	8.0	400	37,486	88.0	5,128	12.0	42,614
Subtotal	660	95.1	34	4.9	694	56,557	90.4	5,978	9.6	62,535
Total	1,435	86.2	230	13.8	1,665	193,767	65.9	100,178	34.1	293,945
<i>Source: Bank Data</i> <i>Due to rounding, totals may not equal 100.0%</i>										

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is supported by the bank's reasonable dispersion of both home mortgage and small business loans.

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. The bank's record of lending in low-income census tracts is slightly lower than the comparable data. However, the bank's record of lending in moderate-income census tracts exceeds comparable data. Overall, performance is reasonable based upon the lending levels achieved in the low- and moderate-income census tracts.

Geographic Distribution of Home Mortgage Loans						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	4.1	3.0	5	1.9	722	1.7
2020	4.1	2.5	10	2.0	1,312	1.4
Moderate						
2019	15.1	12.4	45	16.9	5,601	13.2
2020	15.1	11.2	82	16.1	11,282	11.9
Middle						
2019	39.2	38.1	133	50.0	19,200	45.3
2020	39.2	36.5	224	44.0	37,461	39.5
Upper						
2019	41.5	46.3	81	30.5	16,402	38.7
2020	41.5	49.7	189	37.1	44,069	46.5
Not Available						
2019	0.1	0.2	2	0.8	430	1.0
2020	0.1	0.1	4	0.8	731	0.8
Totals						
2019	100.0	100.0	266	100.0	42,355	100.0
2020	100.0	100.0	509	100.0	94,855	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Lending

The geographic distribution of small business lending is reasonable. No loans were originated in the low-income census tracts in 2019. In 2020, small business lending occurred in the low-income census tracts, but the bank's performance significantly lagged comparable data. The bank's nearest office to the closest low-income census tract is over nine miles (in a direct radius). That distance has an impact on lending, as customers often bank at financial institutions near their business. In the moderate-income census tracts, the bank's performance materially exceeded the comparable data. However, this information is somewhat skewed as a substantial majority of these loans (277 in 2019 and 208 in 2020) were made to a single customer. Therefore, overall performance is reasonable.

Geographic Distribution of Small Business Loans					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	7.4	0	0.0	0	0.0
2020	7.4	3	0.8	566	1.5
Moderate					
2019	17.8	278	95.2	15,515	81.4
2020	17.7	223	60.6	15,893	42.4
Middle					
2019	32.0	8	2.7	2,202	11.5
2020	31.8	69	18.8	10,417	27.8
Upper					
2019	41.6	6	2.1	1,354	7.1
2020	41.8	73	19.8	10,610	28.3
Not Available					
2019	1.2	0	0.0	0	0.0
2020	1.2	0	0.0	0	0.0
Totals					
2019	100.0	292	100.0	19,071	100.0
2020	100.0	368	100.0	37,486	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Borrower Profile

The distribution of borrowers reflects, given the demographics of the assessment area, excellent penetration among individuals of different income levels and businesses of different sizes. The excellent distribution in home mortgage lending primarily supports this conclusion.

Home Mortgage Lending

As shown in the following table, the borrower distribution was excellent for home mortgage loans. Although the bank's lending to low-income borrowers was much lower than the low-income family population in 2019 and 2020, a significant portion (10.5 percent) of the assessment area's families have incomes below the poverty level. Many persons with incomes below the poverty level are unable to afford the expenses of homeownership and a mortgage. The percentage of loans to low-income borrowers exceeded the aggregate data for both years reviewed. The aggregate data provides a good indication of loan demand and illustrates lending achieved by all lenders reporting HMDA in the assessment area.

Lending to moderate-income borrowers was much greater than the moderate-income family population and the aggregate data in 2019 and 2020. The bank’s lending in comparison to the aggregate data shows that RiverHills Bank’s lending to low- and moderate-income borrowers is at an excellent level.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.3	7.4	33	12.4	3,473	8.2
2020	22.3	6.7	57	11.2	7,016	7.4
Moderate						
2019	16.1	17.5	79	29.7	10,346	24.4
2020	16.1	15.9	127	25.0	18,827	19.8
Middle						
2019	19.4	20.3	72	27.1	11,602	27.4
2020	19.4	19.5	140	27.5	25,279	26.7
Upper						
2019	42.2	40.1	75	28.2	16,095	38.0
2020	42.2	42.0	185	36.3	43,733	46.1
Not Available						
2019	0.0	14.7	7	2.6	839	2.0
2020	0.0	15.9	0	0.0	0	0.0
Totals						
2019	100.0	100.0	266	100.0	42,355	100.0
2020	100.0	100.0	509	100.0	94,855	100.0
<i>Source: 2015 ACS; Bank Data, 2019 & 2020 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Small Business Lending

The small business loan distribution by gross annual revenues was reasonable. As shown in the following table, a substantial majority of the loans are in the over \$1 million revenue category. However, most of the loans in the over \$1 million category are loans to one borrower, which material skews the results. Specifically, this borrower had 277 loans in 2019 and 208 loans in 2020 that were in the over \$1 million revenue category. In addition, 151 of the 2020 small business loans were made under the Small Business Administration’s Paycheck Protection Program (PPP). These PPP loans were used to help businesses keep their workforce employed during the Covid-19 crisis and required no revenue to be collected. Examiners recalculated the distribution to include only one loan to the borrower noted above and to remove the PPP loans from the calculations. When doing so, 44 percent of the loans in 2019 and 60 percent of the loans in 2020 were to borrowers with gross annual revenues of \$1 million or less. These percentages reflect a reasonable level of lending

although they remain below the business population. The business population represents all of the businesses in that revenue range and not the population seeking a loan. As smaller businesses tend to seek alternative forms of financing such as home equity lines of credit or credit cards, it is reasonable that the bank's performance would trail the percent of businesses reporting revenues of \$1 million and less.

The 2019 Large Bank CRA aggregate data reported that 48.1 percent of the small business loans were to entities with gross annual revenues of \$1 million and less. Although a direct comparison is not made, this information illustrates that many of the businesses with revenues of \$1 million and less do not borrow or use funds from other sources to fund their operations.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	82.2	7	2.4	2,560	13.4
2020	82.3	6	1.6	1,805	4.8
>\$1,000,000					
2019	6.4	285	97.6	16,511	86.6
2020	6.3	211	57.3	16,364	43.7
Revenue Not Available					
2019	11.4	0	0.0	0	0.0
2020	11.5	151	41.0	19,317	51.5
Totals					
2019	100.0	292	100.0	19,071	100.0
2020	100.0	368	100.0	37,486	100.0
<i>Source: 2019 & 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Response to Complaints

The institution has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the rating.

QUALIFIED INVESTMENTS AND SERVICES

The bank has a strong history of providing services that enhance credit availability in the assessment area, which contributed to the Outstanding rating. The services, which are discussed below, address affordable housing, down payment assistance, and enhancing credit availability, which were all areas mentioned by the community contact as needs within the assessment area.

Federal Home Loan Bank Affordable Housing Program

RiverHills Bank partners with local developers and community organizations applying for Federal Home Loan Bank Affordable Housing Program grants that assist in the purchase, construction, or rehabilitation of affordable housing units. The primary benefactors of the affordable housing projects are homeless families, first-time homeowners, and other individuals with limited financial resources. RiverHills Bank specifically worked with clients in preparation of the grant application, gathered the information needed and made sure the completed application was successfully submitted. These collaborations successfully secured much needed funding of \$12.1 million in grants for the construction or renovation of low- and moderate-income housing, which included 17 grants totaling \$6.3 million to developers and community organizations in the assessment areas.

Federal Home Loan Bank of Cincinnati's Welcome Home Program

During this evaluation period, the bank assisted 85 borrowers in the assessment area with obtaining approximately \$395,000 through this program. The program provides low- and moderate-income individuals with grant funds to assist with down payments and closing costs for first mortgages. This program improves an applicant's eligibility and creditworthiness and ultimately allowed RiverHill Bank to originate more mortgages to low- and moderate-income individuals.

Housing Finance Agency Loan Program

The bank facilitated the origination of Housing Finance Agency loans. These programs assist with low interest rate, lower down payment requirements and more flexible underwriting standards, which assist low- and moderate-income borrowers, who otherwise may not be able to qualify for a conventional mortgage, obtain a loan. During this evaluation period, the bank assisted 165 units in the assessment area with obtaining \$600,000 through this grant program.

Credit Builder Loan Program

The bank introduced the Credit Builder Loan Program in 2018 to provide consumers the opportunity to build or strengthen their credit history at no cost, ultimately enhancing credit availability within the assessment area. No interest or fees are charged on the loans. Monthly loan payments are deposited into a certificate of deposit that is ultimately paid to the consumer. Six loans totaling \$36,000 were originated in 2018, 57 loans totaling \$342,000 were originated in 2019, 86 loans totaling \$516,000 were originated in 2020, and 79 loans totaling \$474,000 were originated through September 30, 2021. The bank began collecting borrower income information in 2020, which revealed that 53.5 percent of the loans in 2020 were to low-income individuals and 20.9 percent were to moderate-income individuals. Similarly, 46.8 percent of the loans originated in 2021 were to low-income individuals and 22.8 percent were to moderate-income individuals. These percentages compare very favorably to percent of households that are low and moderate income. According to 2015 ACS data, 25.8 percent of the households in the assessment area are low income and 15.2 percent are moderate income.

Delivery Systems

The bank offers a variety of delivery systems that enhance credit availability in the assessment area. All of the bank's offices are in Clermont County, including one that is in a moderate-income census tract and two that are located near moderate-income census tracts. Each office offers free-standing bank-owned deposit taking ATM. The bank also offers access to surcharge-free ATMs through the MoneyPass ATM network throughout the United States.

The bank also has online banking services, which greatly increases accessibility throughout the assessment area. Internet is free and allows customers to check loan and deposit account balances, view account statements and account history, view check images, obtain copies of previous account statements, transfer funds between accounts, and make loan payments. Similarly, the mobile banking app is free and offers mobile check deposit and other online banking services. Online bill pay is also free with most checking accounts. The bank's Modern Checking account has no monthly fees or minimum balance requirements. In addition, the 2nd Chance Checking Account is offered for a \$10 monthly fee for persons who might otherwise be ineligible to open a checking account.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

APPENDICES

SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

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.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

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. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, 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 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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, 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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary

counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities 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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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.

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.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.