



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 6, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ripley National Bank
Charter No. 2837
P.O. Box 7
Ripley, Ohio 45167

Office of the Comptroller of the Currency

Central District Office
One Financial Place, Suite 2700
Chicago, Illinois 60605

NOTE: 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.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Ripley National Bank prepared by Office of the Comptroller of the Currency, the institution's supervisory agency, as of May 6, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

INSTITUTION'S CRA RATING: This institution is rated SATISFACTORY.

Ripley National Bank exhibits a good CRA performance record. This record is supported by the following:

- ▶ The bank's loan to deposit ratio is 76%. This reflects a reasonable level of lending.
- ▶ The bank is lending to individuals of all income levels. Of loans originated inside the bank's assessment area, an estimated 29% are to low income individuals, 31% to moderate income individuals, 17% to middle income individuals, and 23% to upper income individuals.
- ▶ A substantial majority of loans, 93% of those we sampled, were to borrowers located within the bank's assessment area.
- ▶ Of the small business and farm loans originated in the assessment area, 88% were to businesses with revenues of less than 1 million dollars.

The following table indicates the performance level of Ripley National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>Ripley National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different sizes		X	
Geographic Distribution of Loans	This section was not evaluated.		
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Ripley National Bank (RNB) is an independently owned, \$31MM community bank with its headquarters in Ripley, Ohio, and one branch located in Georgetown, Ohio. Both locations maintain ATM's. Each of these facilities are located in moderate income areas.

The bank's primary business focus is residential mortgage lending to individuals (40%), loans secured by farmland (25%), and commercial real estate lending (18%). Commercial lending is primarily to small farms and businesses.

There are no financial or legal impediments that affect the bank's ability to meet the credit needs of its community. RNB's last CRA evaluation was dated November 8, 1993; the rating was "Satisfactory Record of Meeting Community Credit Needs." In preparing the current evaluation, we reviewed the bank's 1995 and year-to-date 1996 lending activities in detail. Our review also included a review of 1993 and 1994 performance which focused on residential real estate lending. This review revealed similar performance. The primary change that has occurred since the previous evaluation has been a significant increase in the level of the bank's loans in relation to its deposits.

DESCRIPTION OF ASSESSMENT AREA

RNB's assessment area consists of Brown County, Ohio. Brown County is wholly located in Cincinnati MSA 1640. The Assessment Area consists of 8 townships designated as Block Numbering Areas (BNA's). 7 of these are moderate income, and 1 middle income. 80% of the population lives in the moderate income BNA's. Competition in the Ripley market comes primarily from other local financial institutions, including one community bank and one savings and loan in Ripley itself, and another community bank in nearby Higginsport. Competition in the Georgetown market comes from a local community bank and the branch of a regional bank headquartered in Cincinnati.

Credit needs within the Assessment Area include loans for home improvement, small farm and business loans, and lower cost residential mortgage loans, including mobile homes.

The local economy is diversified across agricultural, light manufacturing, and retail industries. The unemployment rate is relatively low at 3%. Assessment Area employment is boosted by commuters to the Cincinnati market, especially in the Georgetown area. Many individuals supplement salary/wage based employment with farm income. Population and economic trends are stable. Major employers include Pepsi Cola Distributors, PCP Champion, The Ripley Corporation, Ohio Valley Manor Convalescent Center, Metal Tech, Inc., and various tobacco warehouses.

The Assessment Area's population is 34,966, made up of 9,793 families. The dispersion of families between income levels is fairly uniform: 28% low income; 23% moderate income; 25% middle income; and 24% upper income. There is significant variation in the age of housing stock these families inhabit, with a median age of 27 years. The housing stock in the

township of Ripley, where RNB is headquartered, is much older, with a median age of 43 years. This is also the lowest income BNA in the Assessment Area with average income at 60% of the median MSA income. A significant portion of the housing stock within the Assessment Area consists of mobile home units (21%).

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

RNB’s loan-to-deposit ratio is reasonable given the bank’s size, financial condition, and assessment area needs.

RNB’s average loan-to-deposit ratio since the prior CRA examination is 69%. Due to increased loan demand and the opening of the bank’s Georgetown, Ohio branch, this ratio has significantly increased since 1993, and is 76%. The average loan-to-deposit ratio for similarly situated banks, those within the bank’s Assessment Area and surrounding counties in Kentucky and Ohio, is 69%. This includes 13 banks and savings institutions. This information is as of March 31, 1996.

Lending In Assessment Area

A substantial majority of loans are made to borrowers in the bank’s assessment area.

We evaluated the level of lending within the Assessment Area by sampling residential mortgage loans, consumer loans, and small business and farm loans made during 1994, 1995, and 1996. Our sample consisted of 132 residential mortgage loans, 23 consumer loans, and 20 small business and farm loans. The following are the percentages of loans made within the assessment area, delineated by loan type.

Percentage Originated Inside Assessment Area	Residential Mortgage	Consumer	Small Business/Farm	Totals
Number of Loans	93%	96%	80%	92%
Dollar Amount of Loans	91%	96%	81%	88%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of borrowers reflects a reasonable penetration among individuals and businesses of different income levels and businesses of different sizes.

RNB is making a significant number of loans to individuals of all income groups. Based on our sample, the number of loans to individuals in each income category is within a reasonable range of the proportion of families in the Assessment Area earning those amounts. The dollar volume of loans originated to low and moderate income individuals is significantly lower than these individuals' representation in the population. It is significantly higher for both middle and upper income individuals. This is largely due to the fact higher income individuals qualify for relatively higher loan amounts. The following is a table of the percentage of loans we sampled by income level relative to the percentage of families earning those incomes. Our sample consisted of 143 consumer loans originated within the Assessment Area.

	Percent Loans to Low Income Individuals	Percent of Loans to Moderate Income Individuals	Percent of Loans to Middle Income Individuals	Percent of Loans to Upper Income Individuals
Percentage of Loans (#)	29%	31%	17%	23%
Percentage of Loans (\$)	10%	17%	35%	38%
Proportion of Assessment Area Families	28%	23%	25%	24%

We sampled 16 loans to businesses and farms located inside the Assessment Area. All of those credits are classified as small business and farm loans. 14 of those loans were to entities with total revenues less than \$1 million. The distribution of loans by revenue levels shows the bank is willing to make loans to all size businesses and farms, as is evidenced by the following table.

Percentage of Loans	Gross Revenues Less than \$100M	Gross Revenues \$100-250MM	Gross Revenues \$250-1MM
Number of Loans	44%	25%	19%
Dollar Amount of Loans	36%	29%	16%

Geographic Distribution of Loans

We did not evaluate the geographic distribution of loans due to the fact the bank's Assessment Area, Brown County, Ohio, consists of 8 BNA's, 7 of which are moderate income. An analysis of loans between those areas would not be meaningful.

Response to Complaints

The bank has not received any complaints from the public or the OCC regarding its performance in meeting assessment area credit needs.