



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

February 1, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**New Richmond National Bank
Charter Number 7542**

**110 Front Street
New Richmond, Ohio 45157**

**Comptroller of the Currency
Central Ohio Field Office
Westlake Center
4555 Lake Forest Drive, Suite 610
Cincinnati, Ohio 45242**

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, 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.

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

New Richmond National Bank has a satisfactory record of meeting community credit needs.

- The bank's geographic distribution of residential loans is more than reasonable and exceeds the standard for satisfactory performance.
- A majority of home mortgage and commercial loans originated during 2003 and 2004 were within the bank's assessment area (AA).
- The bank's average loan-to-deposit ratio (LTD) for the 21 quarters since the last CRA examination is reasonable at 85.52%.

DESCRIPTION OF INSTITUTION

New Richmond National Bank (NRNB) is a \$73 million institution with its main office in New Richmond, Ohio. NRNB is owned by New Richmond Bancshares, a one-bank holding company, also located in New Richmond, Ohio. The bank's main office in New Richmond, Ohio, is located in Clermont County. The bank has four branch offices, which are also located in Clermont County with one in New Richmond (the Rivertown branch), and one each in the towns of Felicity and Amelia. NRNB also has a branch in Union Township (Mt. Carmel branch). Per the 2000 census, the main office in New Richmond and the Amelia branch are in middle-income tracts, the Mt. Carmel and Rivertown branches are in upper-income tracts and the Felicity branch is in a moderate-income census tract. All the branches have full-service automated teller machines and drive up facilities. No branches have been opened or closed since the last CRA examination.

NRNB's primary line of business is real estate lending (primarily residential real estate followed by commercial real estate loans). As of September 30, 2004, real estate loans comprised 87% of the bank's loan portfolio based on dollars. NRNB reported gross loans and leases of \$62 million per the September 30, 2004 Consolidated Report of Condition (Call Report). The table below (Table 1) illustrates the dollar and number percentages of bank loan originations during the evaluation period.

TABLE 1 – Loan Originations

Loan Type	% by Dollars of Loans Originated/Purchased during evaluation period	% by Number of Loans Originated/Purchased during evaluation period
Commercial Real Estate	24%	9%
Residential Real Estate	66%	41%
Commercial	7%	4%
Consumer	3%	46%
Total	100%	100%

Source: Loans originated between January 1, 2003 and September 30, 2004, based on internal reports provided by bank management

No financial or legal impediments are present that affect the bank's ability to meet the credit needs of its community. NRNB's prior CRA rating, as of June 6, 1999, was "Satisfactory Record of Meeting Community Credit Needs."

DESCRIPTION OF ASSESSEMENT AREA

NRNB's assessment area (AA) contains portions of Clermont, Brown and Hamilton Counties. Per the 2000 census, the AA is comprised of a contiguous area containing 27 census tracts located in the Cincinnati-Middletown Metropolitan Statistical Area (MSA) 17140. Twenty census tracts (74%) are located in Clermont County, four census tracts (15%) are in Hamilton County, and three census tracts (11%) are in Brown County. The AA's composition is as follows: seven moderate-income geographies (26%), fifteen middle-income geographies (56%) and five (18%) upper-income geographies. No geographies designated as low-income are present in Clermont County or in the bank's AA. NRNB's AA area meets the requirements of the Community Reinvestment Act and does not arbitrarily exclude low- or moderate-income geographies.

As a result of the 2000 Census data, the Census Bureau provided updated demographic data. The Office of Management and Budget (OMB) revised its standards for MSAs in 2000 and provided revised MSA boundaries/definitions in 2003 and 2004. In some instances, the 2003/2004 OMB revisions changed the boundaries of some MSAs or created new MSAs altogether. The OMB's revision per the 2000 census did not impact NRNB's AA.

Competition in the AA is moderate and includes branches of three large nationally chartered institutions, two large state chartered institutions, two savings banks, two local state banks and one credit union.

The economic status of families and census tracts is categorized into four income levels defined as follows: low-income is defined as an individual or geography with income less than 50% of the median MSA family income; moderate-income is an individual or geography with income of 50% to 80% of the median MSA family income; middle-income is an individual or geography with income of 80% to 120% of the median MSA family income; and upper-income is an individual or geography whose income is greater than 120% of the greater MSA family income.

The local economy is good. Per statistics compiled by the Ohio Department of Jobs and Family Services, December 2004 unemployment rates for counties in the bank's AA were as follows: Clermont County, 5.1%; Hamilton County, 4.6%; and Brown County, 7.7%. The State of Ohio unemployment average for the period reported was 5.5% and the national average was 5.1%. The major economic activity for the AA is wholesale trade, followed by retail trade, and then manufacturing. The largest employers in the AA are 3M Precision Optics, Clermont County Government, Electronic Data Systems & Meijer Incorporated.

The Department of Housing and Urban Development (HUD) 2004 Updated Median Family Income for the bank's AA is \$61,400. Per the 2000 census, the median housing value for the AA was \$116,789.

We conducted one community contact in conjunction with this examination. Our community contact was the Executive Director of a publicly funded community development organization located in New Richmond. In discussion with the community contact, the local economy was described as strong. Credit needs in the AA mentioned included 1st time home buyers programs, programs to assist in mortgage loan down payment and customer education. Concerns noted included the low number of owner-occupied residences in the New Richmond area as well as the high cost of rent in the AA. NRNB was identified as one of the leaders in the community due to its involvement in the Community Housing Investment Program (CHIP) as well as facilitating the Welcome Home Program.

EVALUATION PERIOD

The evaluation period for this Community Reinvestment Act (CRA) examination is from the date of the last CRA examination (June 6, 1999) to December 31, 2004. For purposes of analysis, loans originated between January 1, 2003 and December 31, 2004, were included in the following analyses: lending in AA, lending to borrowers of different incomes and businesses of different sizes and geographic distribution of loans.

Due to changes in the Median Family Income (MFI) between 2003 & 2004, separate analyses were performed for residential mortgages originated during 2003 and 2004.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

NRNB's loan-to-deposit (LTD) ratio and its quarterly LTD are reasonable and support the standards for satisfactory performance. The bank's September 30, 2004 LTD ratio of 91.88% and average LTD ratio of 85.52% for the 21 quarters since the last CRA examination (June 6, 1999) are reasonable. For analysis purposes, NRNB's current and quarterly average LTD ratios were compared to a custom peer group consisting of all financial institutions located in Ohio as of September 30, 2004. The LTD ratios for Ohio financial institutions ranged from a low of 46% to a high of 140%. The average LTD ratio for Ohio financial institutions was 79.63%. The analysis shows that NRNB's LTD ratios were within the peer group's current range and above the peer group average.

Lending in Assessment Area

A majority of the bank's loans are within the bank's AA and the bank's performance meets the standard for satisfactory performance under this criterion. We evaluated the bank's record of residential lending within the AA by reviewing all Home Mortgage Disclosure Act (HMDA) data reportable loans originated during 2003 and 2004. We also reviewed a random sample of 20 commercial loans originated from January 2003 through September 30, 2004. The results revealed that 86% of the number and 85% of the dollars of loans reviewed were originated in the

bank's AA. See the following table (Table 2) for further detail.

Loan Type	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Residential Real Estate Loans	624	87%	95	13%	719	\$61,449	87%	\$9,562	13%	\$71,011
Commercial Loans	15	75%	5	25%	20	\$1,995	57%	\$1,506	43%	\$3,501
Totals	639	86%	100	14%	739	\$63,444	85%	\$11,068	15%	\$74,512

Source: Residential real estate loans originated between January 1, 2003 and December 31, 2004, as reported on the bank's HMDA Loan Application Reports (LAR). Sample of 20 Commercial loans originated between January 1, 2003 and September 30, 2004.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

NRNB's record of lending to borrowers of different incomes meets the standard for satisfactory for performance and is reasonable. For 2003, the bank's lending percentage for home improvement loans to low-income borrowers as well as for home purchase and refinance loans to moderate-income borrowers exceeded the percentages of low- and moderate-income families in the AA. The percentages of home purchase and mortgage refinance loans to low-income borrowers were lower than the percentage of low-income families in the bank's AA and home improvement loans to moderate-income borrowers were lower than the percentage of moderate-income families in the bank's AA. This analysis took into consideration that 8% of the households in the AA are living below the poverty level.

In 2004, with the exception of home purchase loans to low-income borrowers, NRNB's lending percentages for all other residential lending products met or exceeded the percentage for low and moderate-income families in the bank's AA.

Note: Due to adjustments in the Median Family Income between 2003 and 2004, separate tables are used to illustrate NRNB's performance for these criteria.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchases	18.18%	15.49%	18.48%	21.13%	24.39%	30.99%	38.95%	32.39%
Home Improvement		38.39%		11.13%		33.34%		16.69%
Mortgage Refinance		11.29%		27.10%		34.51%		27.10%

Source: 2000 Census Data and 2003 HUD updated MFI and residential mortgage loans (Home purchase, Home improvement and mortgage refinances) reported on 2003 HMDA LAR.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchases	18.47%	8.70%	18.78%	23.91%	24.47%	34.78%	38.28%	32.61%
Home Improvement		20.00%		46.67%		13.33%		20.00%
Mortgage Refinance		18.48%		21.74%		22.83%		36.95%

Source: 2000 Census Data and 2004 HUD updated MFI and residential mortgage loans (Home purchase, Home improvement and mortgage refinances) reported on 2004 HMDA LAR.

The bank's record of lending to businesses is reasonable. As illustrated in Table 3C, a majority of the bank's commercial loans (90% of the number and 79% by dollar), were made to businesses with gross annual revenues of \$1 million or less. Per 2000 census data, 67% of the businesses in the AA reported annual revenues of \$1 million or less, 6% of businesses reported annual revenues greater than \$1 million, and 27% of businesses did not report annual revenue.

Table 3C - Borrower Distribution of Loans to Businesses in AA		
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000
% of AA Businesses*	67%	6%
% of Bank Loans in AA by #	90%	10%
% of Bank Loans in AA by \$	79%	21%

Source: Loan sample; 2004 Dunn and Bradstreet data. * 27% of AA businesses did not report revenue data

Geographic Distribution of Loans

NRNB's geographic distribution of residential real estate loans is more than reasonable and performance exceeds the standard for satisfactory performance. As illustrated in Table 4A, while the bank's AA does not contain any low-income census tracts, the review of the bank's lending record in moderate-income census tracts in the AA revealed that, for all residential loan products, the bank significantly exceeded the demographic percentage of owner-occupied housing. NRNB's home purchase, home improvement, and mortgage refinance lending significantly exceeded the percentage of owner occupied units in moderate-income tracts, as reflected by 37%, 34%, and 33 % for these loan types, respectively, compared to the 23% demographic for owner-occupied housing.

Table 4A - Geographic Distribution of Residential Real Estate Loans in Assessment Area

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0%	0%	23%	37%	57%	58%	20%	5%
Home Improvement	0%	0%	23%	34%	57%	60%	20%	6%
Mortgage Refinance	0%	0%	23%	33%	57%	61%	20%	6%

Source: 2000 Census Data and residential mortgage loans in AA (Home purchase, Home improvement and Mortgage refinance) reported on 2003 & 2004 HMDA LARs.

As demonstrated in Table 4B, NBNB's geographic distribution of loans to businesses is more than reasonable and exceeds the standard for satisfactory performance. While the bank's AA does not contain any low-income census tracts, the bank's percentage of loans to businesses in moderate-income tracts is significantly greater than percentage of businesses located within moderate-income geographies in the bank's AA.

Table 4B - Geographic Distribution of Loans to Businesses in Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses/ Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans	% of AA Businesses /Farms	% of Number of Loans
Commercial & Commercial Real Estate	0%	0%	21%	45%	60%	40%	19%	15%

Source: 2000 Census Data and a sample of 20 commercial loans originated between January 2003 and September 30 2004.

Responses to Complaints

NBNB has not received any complaints regarding its performance in helping to meet the credit needs of the AA during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.