



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 14, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Republic Bank
Charter Number 716422

9037 U.S. Highway 19, P.O. Box 220
Port Richey, FL 34668

Office of the Comptroller of the Currency

Tampa Field Office
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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, 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 Outstanding.

State Name: Florida
State Name: Ohio

Rating: Outstanding
Rating: Needs to Improve

The major factors that support this rating include:

- The bank's level of lending, as reflected in the bank's quarterly average net loan-to-deposit (LTD) ratio, is reasonable given the bank's size and performance context factors.
- A substantial majority of the bank's primary loan products originated over the evaluation period was within its assessment areas (AAs).
- Overall lending performance is outstanding for the FL AA and poor for the Ohio AA. Weaker performance in Ohio; however, did not significantly impact overall performance conclusions. It was considered in the bank's overall performance as the AA represents only 0.8 percent each of the bank's total loan and deposit activity and our lending analysis to conclude on lending performance was based on a very small number of loans.
- Lending activities shows excellent penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects an excellent dispersion throughout the AA.
- The overall level of community development activities enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.

Scope of Examination

The bank was examined using the Community Reinvestment Act (CRA) small bank examination procedures, which include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its assessment areas (AAs) through its lending activities. In addition, and as an option for the bank, management provided us with a list of community development investments and services for consideration in order to enhance the overall lending performance test rating. The community development (CD) test evaluates the bank's responsiveness to CD needs in its AA through qualified investments and services. The evaluation period covers the bank's lending performance for the Florida assessment area from January 1, 2007 through December 31, 2011 and August 2008 through

December 31, 2011 for the Ohio assessment area. The time period for CD activities covers the period of January 1, 2007 through May 14, 2012.

During the evaluation period, Republic Bank's (RB) primary loan products, based on loan originations and loan purchases, were both home purchase and refinance (75 and 83 in total number, respectively) residential real estate loans (\$33 million in dollars and 185 in number) and business loans (\$53 million in dollars and 157 in numbers). Emphasis was placed on performance in the Florida assessment area as the majority of branches, deposits and loans are in this AA.

As part of our examination, we conducted a data integrity review of the residential real estate loans reported on the Home Mortgage Disclosure Act-Loan Application Register (HMDA) and a bank prepared report of all business loans originated during the evaluation period. We found the data for both to be reliable and accurate. As such we used the HMDA and business data for our lending analysis of all residential mortgage and business loans originated during this time period. CD investments and services submitted by management were verified to ensure they met the regulatory definition for community development.

Description of Institution

Republic Bank (RB) is an interstate federally chartered thrift headquartered in Port Richey, Florida. It is a wholly-owned subsidiary of Republic Bancorp, Inc. (RBI) a \$3.3 billion multi-bank holding company headquartered in Louisville, Kentucky. RB was established when RBI acquired the then Gulfstream Community Bank in October 2006. The holding company also owns Republic Bank & Trust Company (RBT), a state chartered bank located in Kentucky. This affiliate was not included in this examination but appears to have positively contributed to RB's overall CRA performance by allowing it to expand its products and services to those of a larger financial institution.

RB operates five banking offices. Four offices are located in Florida (FL) including the main office in Port Richey, and one each in Hudson, Palm Harbor, and Temple Terrace. The Ohio (OH) office is located in Blue Ash, a suburb of Cincinnati. The Ohio office and all offices in Florida with the exception of the main office in Port Richey were opened during the evaluation period.

Republic Bank's Office Locations in Florida and Ohio	
County/Assessment Area	Office
Pasco County/Tampa- St. Pete-Clearwater	Main Office located in Port Richey, FL. Branch acquired in 2006
Pasco County/Tampa- St. Pete-Clearwater	Hudson Banking Center- opened August 2008
Pinellas County/Tampa- St. Pete-Clearwater	Palm Harbor Banking Center- opened December 2007
Hillsborough County/Tampa- St. Pete-Clearwater	Temple Terrace Banking Center- opened April 2008
Portion of Hamilton County/Cincinnati-Middleton, OH	Blue Ash Banking Center- opened August 2008

The bank offers a variety of deposit and loan products for individuals and businesses. Banking services include internet banking, online bill paying, telephone banking, onsite automated teller machines (ATM) access, drive-up facilities, on-site banking kiosks and remote deposit capture. RB provides a variety of lending programs for both individuals and businesses but its primary focus has been in business and residential real estate lending. As noted in the table below, as of March 31, 2012, commercial and commercial real estate represent 62 percent or \$52 million of the total outstanding loan portfolio and residential real estate loans represent 29 percent or \$25 million. Consumer lending, which mainly consist of home equity lines of credit, represent the remaining \$7 million or nine percent of the total loan portfolio.

The composition of the loan portfolio as of March 31, 2012 is based on total loans of approximately \$84 million-as follows:

Composition of the Loan Portfolio as of 3/31/12		
Loan Type	Dollar Amount (000)	Percentage (%)
Commercial	\$2,886	4%
Consumer	\$7,583	9%
Residential RE	\$24,602	29%
Commercial RE	\$48,672	58%

RB's affiliation with Republic Bank and Trust Company allows the bank to offer a variety of affordable and flexible home mortgage products to bank customers, including low- and moderate-income individuals and families and small businesses that otherwise would not be offered. Affordable and flexible mortgage products offered during the evaluation period include a proprietary loan product (Neighborhood Housing Program) in which a qualified borrower can obtain a mortgage with terms and features that include: 30-year, fixed-rate, high loan-to-value, no private mortgage insurance and \$999 in closing costs. RB also offers Freddie Mac's "Relief Refinance Mortgage" which allows the bank's borrower that is experiencing declining property values or would benefit from refinancing the mortgage, with more flexible terms. RB also has a proprietary modification program for borrowers facing possible foreclosure to modify the loan at more favorable terms in order to provide long-term relief to the homeowner.

Home mortgage loans originated under these programs are geared toward low- and moderate-income individuals and families. From January 1, 2007 through December 31, 2011 RB originated 25 in number and \$1.8 million in dollar volume of these types of affordable housing loans. Loans originated under these programs to borrowers were included in the home mortgage lending tests.

RB is a U.S. Small Business Administration (SBA) lender which allows the bank to address the lending needs of small businesses throughout the bank's AAs. From

January 1, 2007 through December 31, 2011, RB originated three SBA loans totaling over \$713 thousand and are included in the business lending tests. As of March 31, 2012, RB had total assets of \$117 million with net loans comprising 69 percent of total assets, or \$81 million. There are no financial or legal impediments that would prevent the bank from meeting the credit needs of the communities it serves. For the preceding CRA evaluation dated January 22, 2007, (lending performance evaluation ended December 31, 2006), the bank received a “Satisfactory” rating.

Selection of Areas for Full-Scope Review

The bank has two assessment areas; one in the state of Florida and one in the state of Ohio. Each is generally described here and discussed in more detail in the appropriate *State Rating* sections of this report.

The Florida assessment area consists of all of Pasco, Pinellas and Hillsborough counties and is part of MSA 45300 (Tampa-St. Petersburg-Clearwater, FL). The MSA also includes Hernando County which is not part of the bank’s assessment area. The Ohio assessment area consists of a portion of Hamilton County and is part of MSA 17140 (Cincinnati-Middletown, OH-KY-IN).

Ratings

The bank’s overall rating is a blend of state ratings. Performance in the state of FL was most heavily weighted in arriving at overall conclusions as the substantial majority of bank branches, loans and deposits are located here. Four of the five full-service branches are located in FL and approximately 99 percent of deposits and loans are attributed to operations in FL.

Conclusions with Respect to Performance Criteria

- **Loan-to-Deposit Ratio - Meets the Standard for Satisfactory Performance**

The bank’s level of lending, as reflected in the bank’s quarterly average net loan-to-deposit (LTD) ratio is reasonable given the bank’s size and performance context factors. The bank’s quarterly average net loan-to-deposit ratio since the preceding CRA evaluation (21 quarters beginning with the first quarter of 2007) is 81.95 percent, ranging from a high of 106.01 percent in the fourth quarter of 2007 to a low of 40.45 percent in the first quarter of 2009. RB’s quarterly average LTD ratio is slightly lower than the 91.90 percent ratio of 14 similarly situated banks in its peer group (total assets less than \$165 million) operating in the two assessment areas. The average high LTD ratio for the peer group throughout the 21 quarters was 138.85 percent and the low was 58.35 percent.

- **Lending in Assessment Area –Exceeds the Standard for Satisfactory Performance**

A substantial majority of the bank’s primary loan products originated over the evaluation period was within its AA. This conclusion is based on an analysis of HMDA and business loans originated during the period of January 1, 2007 through December 31, 2011. As detailed in the table below, approximately 90 percent by number, and 85 percent by dollar amount, of originated loans were within RB’s assessment area.

Lending in the Combined Assessment Areas										
Type of Loan	Number of Loans					Dollars of Loans (000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Business Loans	145	92%	12	8%	157	\$43,451	81%	\$9,984	19%	\$53,435
Home Purchase And Refinance	164	89%	21	11%	185	\$29,813	90%	\$3,339	10%	\$33,152
Totals	309	90%	33	10%	342	\$73,264	85%	\$13,323	15%	\$86,587

Source: Data reported under HMDA and all business loans originated for the time period of January 1, 2007 through December 31, 2011.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

State Rating

State of Florida

CRA Rating for Florida: Outstanding

Major factors supporting the state rating include:

- The bank's lending activities shows excellent penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects an excellent dispersion throughout the AA.
- The overall level of community development activities enhances the credit availability in the assessment area and provides a positive impact in meeting the credit needs of the community.

Description of Assessment Area in Florida

This assessment area (AA), which is part of the Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (MSA) #45300, is located in the central section of the west coast of Florida. The AA consists of all census tracts in Pinellas County (208), all census tracts in Hillsborough County (249) and all census tracts in Pasco County (65). The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

RB has four offices located in the FL AA. The main office is located in Port Richey, and the other offices are located in Hudson, Palm Harbor and Temple Terrace. The Palm Harbor office was opened in 2007 and the remaining two branches were opened in 2008. The main office is located in a moderate-income census tract. The Palm Harbor and Temple Terrace offices are located in upper-income census tracts and the Hudson office is located in a middle-income tract. All offices have drive-up teller windows with the exception of the Temple Terrace office. The Palm Harbor and the Hudson offices have on-site ATMs and internet banking kiosks. One office located in New Port Richey (Southgate), was closed during the evaluation period. This office was located in a middle-income census tract.

Specific 2000 and 2011 demographic and economic data for the assessment area are detailed on the following page.

Demographic and Economic Characteristics of the FL AA			
Population		Geographies	
Total Persons	2,265,195	Number of Census Tracts	522
Number of Households	954,336	% Low-Income Census Tracts (16)	3.07%
Median Family Income (MFI)	\$55,700	% Moderate-Income Census Tracts (128)	24.52%
<i>Based on MFI</i>		% Middle-Income Census Tracts (236)	45.21%
Low-Income individuals earn	<\$27,850	% Upper-Income Census Tracts (142)	27.20%
Moderate-Income individuals earn	\$27,850-\$44,560		
Income Distribution		Non-Farm Businesses	
Number of Families	601,155	Number of Businesses located in the AA	387,221
Families residing in the AA by income category		% of Small Businesses located in the AA	67.94%
% Low-Income Families	18.63%	% of Large Businesses	2.06%
% Moderate-Income Families	18.71%	% of Business with no revenues reported	30.00%
% Middle-Income Families	21.88%	% of Biz in Low-Income Census Tracts	1.49%
% Upper-Income Families	40.78%	% of Biz in Moderate-Income Census Tracts	19.92%
		% of Biz in Middle-Income Census Tracts	42.13%
		% of Biz in Upper-Income Census Tracts	36.46%
<i>Source: 2000 Census, 2011 HUD updated income data and 2011 Dunn and Bradstreet data</i>			

According to the 2000 U.S. Census Bureau economic data, the assessment area has a total population of 2,265,195. Approximately 81 percent of the population is under 65 years of age and 10.44 percent of households live below the poverty level. Housing units in the AA total 1,081,252 with 704,365, or 65 percent, classified as 1-4 family units of which 62 percent are owner-occupied. Multifamily housing represent 236,651, or 22 percent and rental housing represent 287,451 or 27 percent of total housing units in the AA. Approximately 12 percent or 127,361 housing units are vacant. There are 387,221 non-farm businesses located throughout the AA which includes 116,146 businesses that did not report annual revenues. Small businesses that reported revenues comprise 263,093 of total businesses in the AA.

As with most metropolitan areas located in the State of Florida and throughout the country, the economy in the AA has been adversely impacted in the last several years due to high unemployment rates and foreclosures and a significant decline in home values. Unemployment rates in the AA during the evaluation period were historically much higher than the national unemployment rate. However, 2012 year-to-date indicators shows the AA is starting to exhibit signs of economic recovery. According to the U.S. Department of Labor, Bureau of Labor Statistics April 2012 report, the unemployment rates (not seasonally adjusted) for Pasco, Pinellas and Hillsborough counties were 9.7 percent, 8.2 percent and 8.2 percent, respectively. With the exception of Pasco County, the unemployment rates are similar to the State of Florida's unemployment rate (not seasonally adjusted) of 8.3 percent. The national unemployment rate seasonally adjusted was 8.1 percent. On a positive note, all counties are reporting a two percent decline (with the exception of Pinellas which is reporting a 1.8 percent decline) in the unemployment rate within a year.

The AA has benefited from a diversified economy, but is also dependent on tourism, although it is a factor. During the evaluation period, Pasco County has experienced significant growth. According to the Pasco County Economic Development Council, the county has been ranked as one of the top 40 growing counties in the nation and is an economic development and growth area for West Central Florida. The largest employers in the county include the Pasco County School District, Wal-Mart Supercenters and Pasco County Government. According to the Pinellas County Economic Development Council, the county is the most popular tourist destination on the Gulf of Mexico with 13 million tourists annually. The major industry sectors are health care and social assistance, retail trade, accommodation and food services and manufacturing. The largest private employers include Fidelity Information Services, Home Shopping Network, Nielsen Media Research and Raymond James Financial. Hillsborough County includes the City of Tampa. Tampa is home to the U.S. Central Command, and the Tampa Bay region has been called the "Wall Street South" for the size and scope of its financial services industry. The area is also known for its hospitals (H. Lee Moffitt Cancer Center and Research Center) and is part of the gateway to the Florida High Tech Corridor, a 23-county area that is home to more than 3,000 high-tech companies. There are also three seaports and it is a major entry point for domestic and international shipping. Major industry sectors are professional and business services, education and health services and state and local government. According to Moody's Analytics, although the economic recovery efforts have slowed in 2012, healthcare and professional and business services will drive the area's economy in 2012. Top employers in the area include MacDill Air Force Base, Verizon Communications and the University of South Florida.

The AA has experienced a volatile housing market in the past several years as home values quickly escalated and declined in a short time period. The falling home values may continue as foreclosures and short sales continue in the assessment area. According to Zillow, the estimated median home value as of April 2012 for Pasco County was \$87,300, an 8.4 percent decline from the same period last year and a 41.8 percent decline in value within four years or since April 2008. Additionally, RealtyTrac.com is reporting 1 in every 250 housing units received a foreclosure filing as of April 2012. For Pinellas County, the estimated median housing value was in April 2012 was \$111,900, a decline of 2.7 percent from the same period last year and a 32.59 percent decline in value since April 2008. The county is reporting 1 in every 498 housing units received a foreclosure filing as of April 2012. For Hillsborough County, the estimated median home value in April 2012 was \$110,000, a decline of 3.1 percent from the same period last year and a 37.5 percent decline in value since April 2008. The county is reporting 1 in 277 housing units received a foreclosure filing as of April 2012.

Competition for financial services within the bank's AA is intense. According to the FDIC deposit market share data as of June 30, 2011; there were a total of 70 financial institutions operating in 746 offices within the AA. Major competitors include: Bank of America, N.A., Wells Fargo, N.A., SunTrust Bank, Raymond James Bank, FSB, Regions Bank and Branch Banking and Trust Company.

Scope of Evaluation of Florida

Performance in the FL AA was given the most weight in the overall conclusions as the majority of bank offices, loans, and deposits are located there. Four of the five full service branches are located in the FL AA over 99% of total deposits and loan originations in the FL AA.

Our office recently met with a locally-based community organization to gain a better understanding of the most pressing credit needs within the bank’s AA. Bank specific opportunities were noted as increased efforts to modify mortgages to prevent the potential loss of housing for families, increased monetary donations for outreach programs and donation of foreclosed properties for re-housing of families at risk of being homeless.

Conclusions with Respect to Lending Performance Tests in Florida

- **Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Exceeds the Standard for Satisfactory Performance.**

Republic Bank’s lending activities shows excellent penetration among borrowers of different income levels and businesses of different sizes given its performance context. Our analysis is based on all home purchase and refinance residential real estate loans (164) and business loans (145) originated in the AA during the evaluation period.

The distribution of mortgage loans reflects excellent penetration among borrowers of different income levels. We compared the income distribution of the bank’s borrowers to the income distribution of the families within the AA, using the HUD median family income levels for the years 2007 through 2011. The distribution of lending is depicted in the following table.

Borrower Distribution of Residential Real Estate Loans in the Florida AA								
Census Tract 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
Pasco, Pinellas and Hillsborough Counties	18.63%	12.88%	18.71%	20.86%	21.88%	18.40%	40.78%	41.10%

Source: Data reported under HMDA for the time period of January 1, 2007 through December 31, 2011 and the 2000 U.S. Census Data. Not included in the analysis are loan originations with income listed as “N/a”, accounting for 11 or 6.76% of total originations.

Mortgage loans made in the FL AA (Pasco, Pinellas and Hillsborough Counties) showed an excellent penetration among borrowers of different incomes. RB's lending to moderate-income borrowers for mortgage loans exceeds the percentage of moderate-income families residing in the AA. RB's lending to low-income borrowers although slightly lower than the percentage of low-income families residing in the AA is excellent in comparison to the performance context of the AA. Based on HUD's 2011 median family income of \$55,700, the maximum income that is considered low-income is \$27,850. As a result low-income families would encounter difficulty qualifying for any home mortgage loans.

Through participation in various programs, we noted RB originates mortgage loans considered affordable to low- and moderate-income individuals and families. This included 21 loans totaling \$1.2 million to borrowers who obtained a mortgage under the Neighborhood Housing Program outlined in the *Description of Institution* section. Additionally, two loans totaling \$205 thousand made to borrowers who received favorable underwriting terms under Freddie Mac's Relief Refinance Mortgage to prevent possible foreclosure, which has been identified as a community credit need.

RB's lending activities shows excellent penetration among businesses of different sizes given its performance context. We compared the revenue data of all business loans originated during the evaluation period against the economic data of all business operating in the Pasco, Pinellas and Hillsborough Counties. The following chart depicts a breakdown of these loans according to business size.

Borrower Distribution to Businesses in the Florida AA				
Business Revenues (or Sales)	<= \$1,000,000	> \$1,000,000	Revenue Unavailable	Total
% of AA Non-farm Businesses	67.94%	2.06%	30.00%	100.00%
% of Bank Loans in AA by #	72.03%	25.17%	2.80%	100.00%
% of Bank Loans in AA by \$	81.00%	18.31%	0.69%	100.00%

Source: Business loans for the time period of January 1, 2007 through December 31, 2011, and 2011 Dunn and Bradstreet data

As depicted in the table above, the percentage of loans to small businesses exceeds the percent of such businesses operating in the AA. Based on all business loans originated during the evaluation period, RB originated 72 percent of the total number of loans and 81 percent of the total dollar volume of loans to small businesses (those with total revenues of \$1 million or less).

As discussed in the *Description of Institution* section of the report, RB also originates SBA loans, thus allowing the bank to address the lending needs of small businesses in its AA. During the evaluation period, the bank originated a total of three SBA loans totaling \$713 thousand, which has been included in the above small business lending analysis.

- **Geographic Distribution of Loans – Exceeds the Standard for Satisfactory Performance**

The geographic distribution of loans reflects an excellent dispersion throughout the AA given the performance context. Our analysis was based on the same residential mortgage and business loans originated during the evaluation period as noted above. The following table illustrates the geographic distribution of residential mortgage loans originated within these income tracts in comparison to the percentage of owner-occupied units in each tract and business operating in the various income geographies.

The bank’s geographic distribution of home mortgage loans reflects excellent dispersion in the low- and moderate-income census tracts.

Geographic Distribution of Residential Mortgage Loans in the Florida AA								
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
Pasco, Pinellas and Hillsborough AAs	0.82%	2.45%	20.14%	22.09%	47.94%	45.40%	31.10%	30.06%

Source: Data reported under HMDA for the time period of January 1, 2007 through December 31, 2011; 2000 U.S. Census Data

The level of lending in low-income census tracts exceeds the percentage of owner-occupied housing in low-income tracts. The level of lending in moderate-income census tracts also exceeds the level of lending in moderate-income tracts. The performance in the low-income census tract is considered excellent considering the bank does not have an office located in a low-income geography.

The bank’s geographic distribution of business lending reflects excellent dispersion given the performance context. As depicted on the following page, our analysis shows an excellent dispersion among the various income geographies. We did not identify any conspicuous gaps that could not be explained by the performance context, including the location of RB branches and the level of competition in the AA. As noted in the following table, the bank did not lend in the low-income geographies located in the AA which is reasonable considering RB does not have any offices located in low-income geographies and very few businesses are located in low income census tracts thus limiting the bank’s opportunity to make business loans in these geographies. In moderate-income geographies, the percentage of the bank’s business lending exceeds the percentage of businesses operating in such geographies.

Geographic Distribution of Business Loans in the Florida AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
% of Total	1.49%	0.00%	19.92%	28.67%	42.13%	46.85%	36.46%	24.48%

Source: Business loans for the time period of January 1, 2007 through December 31, 2011, and 2011 Dunn and Bradstreet data

Qualified Investments and CD Services

We expanded our analysis to include the bank’s performance relating to Community Development (CD) investments and services. Overall, we found RB’s level of CD activities enhances the credit availability in the FL assessment area and provides a positive impact in meeting the credit needs of the community.

Grants/Donations

- During the evaluation period, RB donated four properties valued at \$67 thousand dollars to Habitat for Humanity of Pinellas County, a non-profit community service organization that provides affordable housing to low-income individuals and families. Donating foreclosed properties for housing families at risk of being homeless helps address an indentified community housing need.
- RB provided four grants totaling \$10 thousand in the FL AA and three grants totaling \$7 thousand in the Ohio AA to support operations to organizations that offer the IRS’s Volunteer Income Tax Assistance (VITA) Program. The purpose of VITA is to provide free tax help to low- and moderate-income individuals who cannot prepare their own tax returns and is considered a valuable community development service for the bank’s AA.
- RB made two grants totaling \$2,700 to two organizations that provided qualified community development services to low-and moderate-income individuals.

Services

- During the evaluation period, two bank officers have provided technical expertise by serving as a Treasurer to three different organizations that provide community health care services primarily to low- and moderate-income individuals.
- RB offers two types of checking accounts to those individuals who otherwise could not obtain a traditional bank account due to a prior negative banking history. During the evaluation period, RB opened 82 of these types of checking

accounts.

Activities to Enhance Credit Availability

- Through its' affiliation with a large state chartered bank, RB offers a variety of loan products, including long-term fixed rate loans with flexible underwriting standards specifically targeted to low-and moderate-income borrowers and small businesses including SBA loans. In addition, the bank has an affordable and flexible loan product (Neighborhood Housing Program) that is geared towards low- and moderate-income borrowers residing in the AA. Terms and features of the product include 30-year fixed rate, high loan-to-value, no private mortgage insurance and \$999 in closing costs. This product is available to homebuyers who qualify for down payment and closing cost assistance obtained from the County through the use of Neighborhood Stabilization Programs (NSP) funding from the Department of Housing and Urban Development (HUD). RB also participates in a Freddie Mac Relief Refinance Program that allows the bank's borrower experiencing declining property values or would benefit from refinancing the mortgage, with more flexible terms so that they can stay in the home on a long-term basis. Loans in which terms were modified to prevent the potential loss of the home have been identified as a community credit need.
- **Responses to Complaints**

No complaints were received during the evaluation period.

State Rating

State of Ohio

CRA Rating for Ohio: Needs to Improve

The major factors that support this rating include:

- *The distribution of loans reflects poor penetration among individuals of different income levels and poor penetration among businesses of different sizes.*
- *The geographic distribution of loans reflects poor dispersion throughout the AA*

Description of Institution's Operations in Ohio

RB operates one branch in Ohio. The office is located in the Blue Ash, a suburb of Cincinnati, Ohio. The full-service branch was opened in August 2008 and is located in a middle-income census tract. The branch does not have a drive-up facility or ATM on-site. As of March 31, 2012, the Blue Ash banking center had total deposits of \$748 thousand and total loans of \$689 thousand and represent 0.8 percent of the bank's overall total deposits and loans originated. Business strategy has been to offer all bank products and services in the AA. However, staffing issues during the evaluation period has slowed expansion plans resulting in minimal market presence in the AA.

Description of the Assessment Area

The Ohio assessment area (AA) consists of a portion of Hamilton County, which is part of the Cincinnati-Middleton, OH-KY-IN Metropolitan Statistical Area (MSA) # 17140 and located in the southwest corner of the state. The AA consists of 69 census tracts out of the 230 census tracts in Hamilton County and includes the area of the county along the I-71 / I-75 corridor from the Blue Ash banking center toward Kentucky and the affiliate locations. The AA includes the townships of Blue Ash, Deer Park, Madeira, Columbia, Sycamore, Silverton, Fairfax, Norwood and part of Montgomery and downtown Cincinnati. The assessment area meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies.

Specific 2000 and 2011 demographic and economic data for the assessment area are detailed on the following page.

Demographic and Economic Characteristics of the Ohio AA			
Population		Geographies	
Total Persons	217,243	Number of Census Tracts	69
Number of Households	96,819	% Low-Income Census Tracts (20)	28.99%
Median Family Income (MFI)	\$70,400	% Moderate-Income Census Tracts (17)	24.64%
<i>Based on MFI</i>		% Middle-Income Census Tracts (18)	26.09%
Low-Income individuals earn	<\$35,200	% Upper-Income Census Tracts (14)	20.28%
Moderate-Income individuals earn	\$35,200-\$56,320		
Income Distribution		Non-Farm Businesses	
Number of Families	48,607	Number of Businesses located in the AA	23,337
Families residing in the AA by income category		% of Small Businesses located in the AA	62.04%
% Low-Income Families	27.01%	% of Large Businesses	4.45%
% Moderate-Income Families	18.33%	% of Business with no revenues reported	33.51%
% Middle-Income Families	18.91%	% of Biz in Low-Income Census Tracts	15.72%
% Upper-Income Families	35.75%	% of Biz in Moderate-Income Census Tracts	17.62%
		% of Biz in Middle-Income Census Tracts	36.34%
		% of Biz in Upper-Income Census Tracts	30.32%
<i>Source: 2000 Census, 2011 HUD updated income data and 2011 Dunn and Bradstreet data</i>			

According to the 2000 U.S. Census Bureau economic data, the assessment area has a total population of 217,243. Approximately 86 percent of the population is under 65 years of age and 16.49 percent of households live below the poverty level. Housing units in the AA total 106,930 with 75,327 or 70 percent classified as 1-4 family units of which 44 percent are owner-occupied. Multifamily housing represents 31,603 or 30 percent, and rental housing represent 49,765 or 47 percent of total housing units in the AA. Approximately 10 percent or 10,174 housing units are vacant. There are 23,337 non-farm businesses located throughout the AA which includes 7,821 businesses that did not report annual revenues. Small businesses comprise 14,478 of total businesses in the AA.

During the evaluation period and similar to many metropolitan areas located throughout the country, the economy in the AA has been adversely impacted with high unemployment rates and foreclosures. However, 2012 year-to-date indicators shows the AA is starting to exhibit signs of economic recovery. According to the U.S. Department of Labor, Bureau of Labor Statistics April 2012 report, the unemployment rate (not seasonally adjusted) for Hamilton County is 7.0 percent, which is slightly below the State of Ohio's the unemployment rate of 7.3 percent and well below the national unemployment rate of 8.1 percent. In addition, the April 2012 rate reflects a 1.2 percent decline in the unemployment rate within the same period last year.

The AA has been impacted by the slow economy during the evaluation period, particularly as the housing market has been negatively impacted. According to Zillow, the estimated median home value for Hamilton County as of April 2012 was \$105,200, a

5.8 percent decline from the same period last year and a 17 percent decline within four years or since April 2008. RealtyTrac.com is reporting 1 in every 558 housing units received a foreclosure filing as of April 2012.

The AA benefits from a diversified economy and is not highly dependent on any one industry. Cincinnati is the home of many major and diverse corporations to include the Kroger Company, The Procter and Gamble Company, Macy's Inc., and in the suburb of Blue Ash, Sunny Delight Beverages Company. In fact, there are nine Fortune 500 companies in Cincinnati. Additionally, top employers also include the University of Cincinnati and Cincinnati Children's Hospital Medical Center. Leading industries include state and local government, general medical and surgical hospitals and management of companies and enterprises.

Banking is competitive in Hamilton County. According to the FDIC deposit market share data as of June 30, 2011, there were 38 financial institutions operating in 316 offices within the county. Major competitors include: U.S. Bank, N.A., Fifth Third Bank and PNC Bank, N.A.

Scope of Evaluation of Ohio

Performance in the OH AA was given minimal weight in the overall conclusions with only one full-service branch and 0.8% of the bank's total deposits and total loan originations are located there. However, since opening the branch in August 2008, the bank originated one mortgage HMDA loan and two loans to small businesses for a combined total of \$567 thousand. The bank also originated a \$131 mortgage loan that was not reported on the HMDA and one \$169 thousand consumer home equity line of credit that are not included in this analysis. Taking into consideration the bank's limited presence in the assessment area, business strategy, and other performance context factors, this level of lending over + three-year period is considered poor.

Our office recently met with a locally-based community organization to gain a better understanding of the most pressing credit needs within the bank's AA. Bank specific opportunities were noted as more lending to small businesses and providing financial education to individuals and small business owners.

Conclusions with Respect to Lending Performance Test in Ohio

- **Lending to Borrowers of Different Incomes and Businesses of Different Sizes - Does not Meet the Standard for Satisfactory Performance.**

An analysis of lending by borrower distribution by income for mortgage loans and to businesses of different sizes is not relevant due to the very low lending volumes. Only one mortgage loan and two business loans was originated during this evaluation period. The distribution of home loans to borrowers reflects poor penetration among borrowers

of different income levels. However, the bank does not have a sufficient number of home mortgage loans for our regular analysis needed to provide a meaningful conclusion. During the evaluation period, the one mortgage loan originated was not made to a low- or moderate-income borrower.

- **Geographic Distribution of Loans - Does not meet the Standard for Satisfactory Performance**

An analysis of the geographic distribution for both mortgage and business loans is not relevant due to the low levels of loans generated during this rating period. However, all lending did occur within the AA. And, we did not identify any unexplained conspicuous gaps after reviewing the bank's performance context and given RB's explanation for the overall low level of lending in the AA which includes low loan demand.

Responses to Complaints

No complaints were received during the evaluation period.