



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

April 17, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Ripley Federal Savings Bank
Charter Number 703280

1006 South Second Street
Ripley, Ohio 45167

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 610
Cincinnati, Ohio 45242-3760

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

The Lending Test is rated: Outstanding.

- The thrift's loan-to-deposit (LTD) ratio is more than reasonable and compares very favorably with similarly situated banks in the thrift's assessment area (AA).
- A majority of this thrift's lending activity occurs within its AA.
- Lending to borrowers of different income levels and farms of different sizes reflects excellent distribution within the Brown County AA.
- Overall, the thrift's performance in lending to geographies of different income levels exhibits excellent dispersion in the moderate-income census tracts of the AA.

SCOPE OF EXAMINATION

Our office conducted a Community Reinvestment Act (CRA) examination to assess the thrift's record of meeting the credit needs of its community. We used the small bank CRA examination procedures to perform the examination. The evaluation period was from December 1, 2005 through December 31, 2011. For analysis of the Lending Test, we considered loans originated and purchased from January 1, 2009 through December 31, 2011.

We determined Ripley's primary products to be residential real estate and small farm loans through our review of the thrift's loan originations during the lending evaluation period. Of those two types, the 1-4 family residential loans carry the most weight at \$9.8million or 59.2 percent of the total loans originated. This is nearly double the total Ag loans figure of \$5.5 million or 33.3 percent of the total portfolio. We reviewed home purchase, home improvement and refinance loans reported under the Home Mortgage Disclosure Act (HMDA) and the small farm loans data provided by the thrift. We reviewed the HMDA data from 2009, 2010 and 2011 as part of a data integrity review and determined the information to be reliable.

DESCRIPTION OF INSTITUTION

Ripley Federal Savings Bank (hereafter Ripley or RFSB) is a \$70 million mutual community thrift chartered as a savings and loan in 1895. The main office is located in Ripley, Ohio, approximately 55 miles southeast of Cincinnati, Ohio. RFSB has one branch located in Georgetown, Ohio and an ATM available at both the main office and the branch. Both branches are located in Brown County, Ohio.

The thrift's main business focus is residential real estate lending but it also serves the needs of its rural community with agricultural lending. No legal or financial impediments exist that could restrict Ripley's ability to meet the credit needs of its AA. The thrift's last CRA commenced December 1, 2005, and concluded with an 'Outstanding' rating assigned.

As of December 31, 2011 Ripley reported total assets of \$70.5 million with \$58.6 million in deposits and \$51.3 million in total loans, or 72.8 percent of total assets. At this same time the thrift held \$7.2 million in Tier 1 (Core) Capital, per the uniform thrift performance report (UTPR.) According to the FDIC's June 30, 2011 Deposit Market Share Report for Brown County, the thrift held third place or 13.1 percent of the market share out of the nine financial institutions accepting deposits in Brown County, OH.

DESCRIPTION OF ASSESSMENT AREA

Ripley's assessment area consists of all Brown County, Ohio and does not arbitrarily exclude any Low or Moderate Income Census Tracts. The AA is located in the Cincinnati-Middleton, OH-KY-IN Metropolitan Statistical Area (MSA) #17140. Eight census tracts comprise the AA. The population of the AA was 42,285 and 44,846, respectively, based on the 2000 and the 2010 census data. Major employers in the AA are the Local School Districts, Brown County Government, Brown County Hospital and Milacron, a plastics processing company. Ohio, (and especially rural counties such as the AA, Brown County) was hit very hard by the economic recession experienced in 2008 and 2009. The AA's economy has improved somewhat but continues to recover slower than the average for either the state of Ohio as a whole or the U.S. average. Brown County unemployment figures averaged 8.4 percent for April 2012; which although down from the April 2011 average of 10.2 percent still remains higher than either the state of Ohio's April 2012 average unemployed of 7.4 percent or the U.S. average of 8.1. As per Brown County Chamber of Commerce this slow recovery has had a detrimental effect on housing starts and residential purchases in Brown County so that new home buyers are few.

The changes over the review period to income distribution in the AA's eight geographies break down as follows:

- 2000 census data: Seven moderate-income and one middle-income
- 2010 census data: Five moderate-income and three middle-income

The evaluation analysis was completed using the 2000 census information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Ripley's LTD is more than reasonable when compared with the performance of peer thrifts. Since the prior CRA examination, Ripley's quarterly LTD ratio averaged 96.8 percent. This number compares favorably with the quarterly LTD average of 88.7 percent for its peer thrifts; peers described as all thrifts, nationwide, reporting assets between 50 million and 100 million.

Lending in Assessment Area

- A majority of Ripley's lending activity occurs within its AA.

Using the random sample of 20 farm loans selected and the thrift's HMDA LAR data reports we determined that Ripley made 76.0 percent of their total number of loans and 68.0 percent of the dollar amount of their loans, within its AA. (Table 1)

Loan Type	Number of Loans				Total	Dollars of Loans (000's omitted)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Residential RE	83	79.8	21	20.2	104	\$ 9,060	76.3	\$2,819	23.7	\$11,879
Ag/Farm Loans	11	55.0	9	45.0	20	\$ 1,359	38.3	\$2,193	61.7	\$ 3,552
Totals	94	76.0	30	24.0	124	\$10,419	68.0	\$5,012	32.0	\$15,431

Source: Ripley Loan Data

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

- The thrift's lending to residential real estate borrowers reflects excellent distribution of loans to low- and moderate-income borrowers.
- Ripley made all their farm loans to farmers with gross annual revenues of less than \$1 million, representing excellent distribution.

The distribution of residential real estate loans to low-income borrowers is reasonable and distribution of residential real estate loans to moderate-income borrowers is excellent. Distribution of loans to farms with gross annual revenues of less than \$1 million is also excellent.

	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families	
Loan type and # of Loans Made by RFSB during 2010 & 2011	% of Families in AA	% Total RFSB Loans by Type	% of Families in AA	% of RFSB Loans by Type	% of Families in AA	% of RFSB Loans by Type	% of Families in AA	% of RFSB Loans by Type
Home Purchases	27.45	10.00	24.01	40.00	25.48	20.00	23.07	30.00
Home Improvement	27.45	14.30	24.01	28.60	25.48	28.60	23.07	28.60
Refinancing Loans	27.45	17.30	24.01	25.00	25.48	25.00	23.07	32.70

Source: 2000 U.S. Census data and banks HMDA loan data 2009-2011.

Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Loans	% of RFSB Loans	% # of Loans	% of RFSB Loans	% of Loans	% of RFSB Loans	% of Loans	% of RFSB Loans
Home Purchases	4.70	10.00	41.50	20.00	17.50	30.00	36.30	0.00
Home Improvements	22.20	14.30	8.30	28.60	42.80	28.60	26.70	28.60
Refinancing	8.50	16.10	18.90	23.20	21.50	23.20	42.10	30.40

Source: Ripley HMDA 2009 - 2011.

Farm Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms	100.0%	0.00%	0.00%	100%
% of Bank Loans in AA by #	100.0%	0.00%	0.00%	100%
% of Bank Loans in AA by \$	100.0%	0.00%	0.00%	100%

Source: Farm Loan sample and 2011 Business Geodemographic Data PCI Corp Inc.

Geographic Distribution of Loans

Ripley’s geographic distribution of loans reflects excellent penetration of both residential real estate and farm loans in the moderate-income census tracts of the AA.

Census Tract Income Levels	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Units	% of # Loans	% of AA Owner Occupied Units	% # of Loans	% of AA Owner Occupied Units	% # of Loans	% of AA Owner Occupied Units	% # of Loans
RFSB Home Purchase	0.00	0.00	49.80	70.00	50.20	30.00	0.00	0.00
RFSB Home Improvement	0.00	0.00	49.80	85.70	50.20	14.30	0.00	0.00
RFSB Refinances	0.00	0.00	49.80	82.10	50.20	17.90	0.00	0.00

Source: U.S. Census data and RFSB HMDA Data.

0

Table 5A – Geographic Distribution of Residential Real Estate Loans in Brown County								
Census Tract Income Levels	Low		Moderate		Middle		Upper	
Loan Type	AA Lender Loans	% of RFSB Loans	AA Lender Loans	% of RFSB Loans	AA Lender Loans	% of RFSB Loans	AA Lender Loans	% of RFSB Loans
RFSB Home Purchase	0.00	0.00	38.70	70.00	61.40	30.00	0.00	0.00
RFSB Home Improvement	0.00	0.00	48.00	85.70	52.00	14.30	0.00	0.00
RFSB Refinances	0.00	0.00	37.90	82.10	62.10	17.90	0.00	0.00

Source: U.S. Census data and RFSB HMDA Data.

Table 5B - Geographic Distribution of Loans to Farms in Brown County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses /Farms	% of Number of RFSB Loans	% of AA Businesses/ Farms	% of Number of RFSB Loans	% of AA Businesses /Farms	% of Number of RFSB Loans	% of AA Businesses /Farms	% of Number of RFSB Loans
Farm Loans	0.00	0.00	55.20%	54.60%	44.80%	45.50%	0.00	0.00

Source: loan sample + PCI Corp, Inc. CRA Wiz.

Responses to Complaints

Neither Ripley’s management nor our office received any complaints regarding Ripley’s CRA performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c) in determining a Federal Savings Association’s (FSA’s) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the FSA, or in any assessment area by an affiliate whose loans as part of the FSA’s lending performance. We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.