



CAMELS CONSULTING GROUP LLC
 "Increasing Shareholder Value"

CAMELS FINANCIAL OPTICS REPORT

COMPANY OVERVIEW

Richwood Bancshares, Inc./The Richwood Banking Company

Company Description

Richwood Bancshares, Inc. (RBI)(the Company) is an Ohio corporation head - quartered in Richwood, Ohio. RBI incorporated in 1985 and is a registered bank holding company under the Bank Holding Company Act of 1956, as amended. RBI is the parent holding company for its wholly owned subsidiary, The Richwood Banking Company (Richwood)(the Bank) which was formed on July 1, 1867.

Richwood is a customer-driven independent banking institution that targets business owners, professionals, and consumers. Richwood has eight banking offices and operates other business platforms; Richwood Insurance, Richwood Financial, Richwood Marketing, Richwood Payroll, and Richwood Coffee. Richwood's goal is 'To Inspire, Protect and Celebrate Anything that Helps Communities Thrive'. This business approach enables Richwood to quickly respond to almost any situation to meet the needs of its customers.

Business Insights

Shareholder Return: Shareholders received a return of 7.68% and 8.21% per share common when including dividends in 2020. *(Key Highlights next page)*

Capital Offering: The Company confirmed the approval by the State of Ohio/Division of Securities a stock offering of up to \$10,000,039.70/148,589 common shares effective December 11, 2020. The offering is in support of the new branch in Bellefontaine, continued growth of the Company and to strengthening of management through new strategic hires. The subscription price is \$67.30 per share, as detailed in the Offering Memorandum. The Offering is being offered to existing shareholders and members of the local communities (emphasis on greater Bellefontaine) serviced by the bank. Board and management noted high investor interest with half of the offering subscribed in under thirty days. Offering only available to Ohio residents.

Covid-19: Richwood is assisting customers who received PPP funding to secure loan forgiveness. The Bank has strengthened reserves and risk due to potential economic impact of pandemic. *(See Managing Loan Portfolio Back Page)*

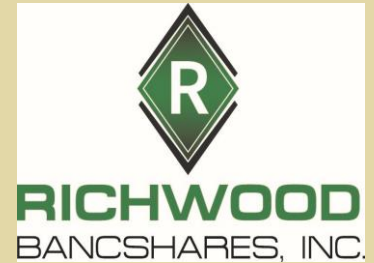
Investor Information

RBI is privately held and does not trade on any exchange. RBI's stock is traded through Richwood's internal trading desk and is the RBI's transfer agent. RBI common shares are valued quarterly through an independent third-party firm. RBI pays semi-annual dividends. RBI offers a Dividend Re-Investment Plan (DRIP) and accommodates the purchase of RBI common stock through an individuals Self-Directed IRA, a product offered by Richwood.

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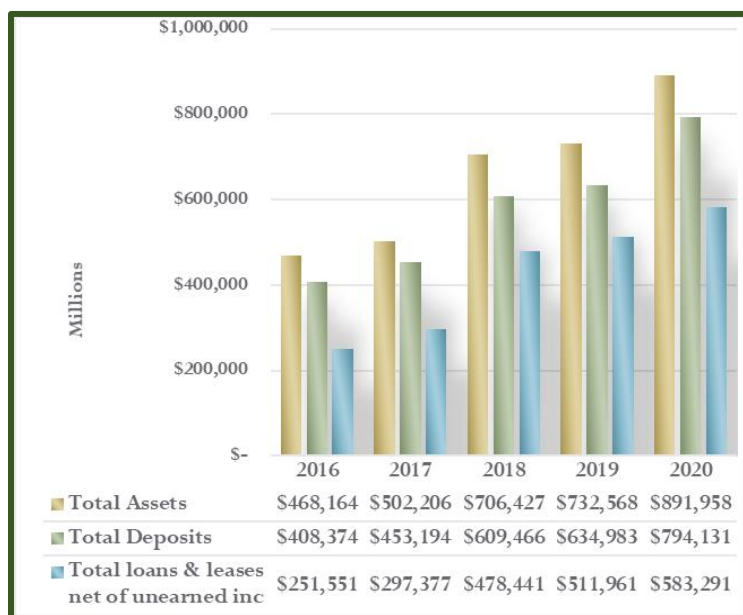
Stock Price (FMV)	\$67.30
Price to Book Value	133%
Book Value Per Share	\$50.70
YE 2019 Stock Price	\$62.50
Income Per Share (YTD)	\$3.54
Shares Outstanding	1,484,578
Dividend Paid 2020	\$486,644

Financial Data (000)

Assets	\$891,958
Deposits	\$792,310
Equity	\$75,269
Loans	\$591,791
Net Income	\$5,254

Key Highlights (Richwood Bank)

- **Assets:** Bank assets grew to \$891,958,313, as of YE 2020 up from \$732,568,538 for the same period 2019.
- **Deposit:** Bank deposits grew to \$794,131,000, as of YE 2020 compared to \$609,100,000 for the same period 2019.
- **Net Loans:** Bank loans grew to \$583,290,556, as of YE 2020 compared to \$507,593,807 for the same period 2019.
 - **Earnings:** Bank earned \$5,813,000, as of YE 2020 compared to \$6,236,000 for the same period 2019.
- **Net Interest Margin:** Bank earned 3.73%, as of YE 2020 compared to 3.76% for the same period 2019.
- **Efficiency Ratio:** 62.57%, as of YE 2020 compared to 66.21% for the same period 2019.



Price Per Share (common) of Richwood Bancshares, Inc.
\$67.30/Fair Market Value



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CAMELS Consulting Group offers a comprehensive suite of proprietary products and services exclusively designed to increase the shareholder value of community banks. Backed by more than three decades of experience in stock and bank valuation analysis, CAMELS Financial Optics Report provides the investment community with an objective overview of financial institutions.

Performance Ratios (Richwood Bank)

Return on Average Assets	0.72%
Return on Average Common Equity	6.95%
Spread on New Loans/Deposits	3.84%
Total Loans to Deposits	74.4%
Demand Deposits to Total Deposits	8.0%
Risk Based Capital/Risk Weighted Assets*	12.17%
Non-Performing Loans to Total Loans	1.88%
Allowance for Loan Losses to Total Loans	1.21%
Capital Formation Ratio	5.09%

*(Well-Capitalized 10%/FDIC Regulatory Benchmark)

Managing Loan Portfolio in a Pandemic Economy

The financial sector is fielding many operating challenges a result of the Covid-19 pandemic impacting the local communities within the bank's service area. The Board of Directors and management of Richwood Bancshares, Inc. determined early in 2020 the prudence of increasing loan loss reserves well in advance of any possible impact of local economic disruptions. Analysis shows that the bank booked \$4.4 million in provisions for loan losses representing an increase year over year of \$3.4 million or 325.1%. The Allowance for loan losses ("ALL") to total loans reserve ratio for year-end 2020 is at 1.21%. The bank reports that no loan losses are expected on the SBA guaranteed PPP loans. If the Bank excluded reserves for those loans the reserve would be at 1.27%. Analysis further notes that strength in 2020 earnings supported the Banks ability to increase ALL levels. Current level of ALL at the close of 2020 will allow management to evaluate the need for expanding reserves in 2021 allowing future earnings to be retained in net operating income.

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