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PUBLIC DISCLOSURE

April 1, 2013

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

NCB, FSB
139 S High St
Hillsboro, OH 45133-1474
Docket #: 708527

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

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General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions 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 CRA performance of NCB, FSB (NCB or bank). The Office of the Comptroller of the Currency (OCC) prepared the evaluation as of April 1, 2013. OCC evaluates performance in AA delineated by the institution rather than individual branches. This evaluation may include visits to some, but not necessarily all, of the institution's branches. OCC rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 563e.

Institution

Overall Rating

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

The following table indicates the performance level of NCB with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	Table 1 - NCB, FSB 12/08/2009		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

The major factors that support this rating include:

- Good overall lending activity;
- Good geographic and borrower distribution of mortgage, small business and small farm loans;
- Excellent quantity and quality of community development lending;
- Adequate quantity of community development investments;
- A branch distribution system reasonably accessible to individuals living in moderate-income geographies.

Scope of Examination

A large institution CRA evaluation of NCB was conducted as of February 28, 2013. The review period was from April 1, 2009 through February 28, 2013. The bank was evaluated based on three tests: Lending, Investment, and Service. Lending products subject to review include mortgage loans subject to the Home Mortgage Disclosure Act (HMDA), small business and small farm loans, and community development loans.

Institution (continued)

The community development lending and investment activities of NCB Capital Impact, an affiliate of NCB were also incorporated into the evaluation. On September 17, 2010, NCB Capital Impact became an independent Community Development Financial Institution, and its activities after that date were not credited toward NCB's performance. HMDA, small business, and small farm loans were reviewed from April 1, 2009 through December 31, 2012, while community development loans, investments, and services were reviewed from December 9, 2009 through February 28, 2013. More weight was given to the bank's performance from April 1, 2009 through 2011 than to its performance in 2012 due to the longer period.

We assessed NCB's performance based on its activities within its two assessment areas (AA). Highland and Clinton Counties form one of the AAAAs; this is a non-Metropolitan Statistical Area (non-MSA). The other AAAA is Brown County. While contiguous, Brown County is part of the Cincinnati, Ohio MSA; thus is evaluated as a separate AA. Both AAs were subject to full scope reviews; however, we gave less weight to the performance in Brown County because the bank maintains only one office in the county and the location of office is very near the borders of both Highland and Clinton counties.

Due to the non-traditional nature of the bank's operations, once we determined that bank performance within the AAs was reasonable, we further considered activities outside the AAs.

We also considered information resulting from two recent community contacts as part of our evaluation. One contact noted a need for start-up and other types of small business lending. The second contact noted a need for affordable rental housing. The contacts both stated the recent financial crisis and resulting recession had a severe impact on both AAs. The contacts had differing opinions as to how much economic improvement has occurred since the end of the recession.

Description of Institution and its Operations

NCB, FSB is a wholly owned second tier subsidiary of the National Consumer Cooperative Bank, Washington, D.C., which does business as the National Cooperative Bank (NCoB). NCoB is a special purpose financial institution created by an act of Congress to further the development of cooperative enterprises. NCoB is a major lender in the residential cooperative market and was chartered to provide accessible financing to this market. Its customer base includes retailer owned grocery wholesalers, purchasing and housing cooperatives, and franchises. In addition, entities that are, by their nature, member driven are NCoB's primary customers such as Employee Stock Ownership Plans and Alaska and Native American Enterprises. Because of the charter mission of NCoB, there is a significant focus on low- and moderate-income communities, though most of the communities are located outside either of the AAs.

Institution (continued)

In 1988, NCoB acquired Anchor Savings and Loan Association of Hillsboro, Ohio, which was renamed NCB, FSB. NCoB subsequently transferred its entire Real Estate Division to NCB, FSB. The acquisition allowed NCoB to offer depository services to its customers. NCB, FSB also offers commercial and banking services nationwide. Its primary focus is providing mortgage banking, cash management and consumer deposit, investment and loan products, and services. The bank’s assets had steadily increased and totaled \$1.6 billion at December 31, 2008; however, due to business conditions, the company assets have decreased slightly from the prior review and at December 31, 2012 totaled \$1.5 billion.

NCB, FSB also originates “share” loans to buyers of housing coops in the national market as part of fulfilling NCoB’s statutory obligation. Shares of stock and leaseholds secure NCB, FSB’s residential cooperative lending. Housing cooperatives are more common in larger metropolitan cities such as New York, Chicago, Los Angeles, and Washington D.C. Consequently, a significant portion of NCB, FSB’s loan production (and deposit base) is related to its national cooperative lending market; thus, a very high percentage of both deposits and lending are outside of either AA. Given the unique nature of NCoB’s charter and the resulting non-traditional nature of NCB, FSB’s operations, we do not find this to be a concern, as is demonstrated below under the Lending Test.

NCB, FSB (the former Anchor Savings and Loan Association) conducts its retail operations through four offices and five full-service automated teller machines (ATMs) in rural portions of southwestern Ohio. Two offices are located in Hillsboro in Highland County, with one each located in Wilmington in Clinton County and Fayetteville in Brown County. Two offices and three ATMs are located in moderate-income geographies per the 2010 census data. All offices and ATMs were located in geographies considered middle-income by the 2000 census data.

As of December 31, 2012, NCB, FSB’s loan portfolio totaled \$1.2 billion and accounted for 76.2 percent of total assets. Table 2 reflects the dollar amount, percentage to total loans, and percentage to total assets of each loan category on a consolidated basis.

Table 2 - NCB, FSB’s Investment in Loans			
As of December 31, 2012			
Loan Category	Amount (\$000’s)	Percent of Total Loans	Percent of Total Assets
Real Estate Loans	\$1,026,899	82.5%	62.8%
Commercial Loans	210,983	16.9%	12.9%
Individual Loans	7,458	0.6%	0.5%
Agricultural Loans	0	0.0%	0.0%
Other Loans	0	0.0%	0.0%
Total	\$1,245,340	100.0%	76.2%

Source: December 31, 2012 Uniform Bank Performance Report

Institution (continued)

According to the Uniform Bank Performance Report^a, NCB, FSB has larger portfolios (as a percent of assets) of commercial real estate loans than other thrift institutions in its asset range. Most of these loans are the out of area co-op loans in the bank’s lending niche as described above.

As of June 30, 2012, only \$100.4 million in deposits are from AA offices, or 8.0 percent of the retail deposit total. The Hillsboro main office in Highland County has the largest deposit base of the four offices with 5.4 percent of the institution total. Services offered do not vary significantly from office to office. Office hours are substantively longer at the two facilities in moderate-income geographies.

We analyzed HMDA lending, Small Business/Small Farm lending, and deposit taking activities based on the percent of activity inside the AAs (in this case we combined the AAs in order for the analysis to be meaningful). As illustrated in Table 3 below, the percentage of both deposits and HMDA lending located outside the AAs is extremely high, but fully explainable by the performance context of NCoB’s unique federal charter to expedite cooperative finance described above. The percentage of small business/small farm lending in the AAs is more typical of a traditional bank, as those loans are primarily marketed in NCB’s traditional retail branch service areas. Business and farming co-ops do exist in the AAs, whereas residential co-ops are virtually non-existent in the AAs. There are also limited community development opportunities in the mostly rural AAs.

Table 3 - Lending and Deposit Percentages (in dollars) In and Out of the combined AAs		
	IN AA	OUT OF AA
Deposits (at 06/30/2012)	9.6%	90.4%
HMDA (04/01/2009 to 12/31/2011)	0.7%	99.3%
SmBus/SmFarm (04/01/2009 to 12/31/2011)	54.4%	45.6%

In addition, because the two AAs are contiguous and quite similar in nature, we analyzed NCB, FSB’s market share within the “combined” AAs for deposits, HMDA reportable loans, and CRA reportable small business and small farm loans. At June 30, 2012, there were 19 deposit taking financial institutions with a total of 55 offices in the combined AAs. These financial institutions have deposits totaling \$2.9 billion. NCB’s market shares in the combined AA for these key products were 4.3 percent for deposits (at 6/30/12), 1.8 percent for HMDA-reportable mortgage loans (at 12/31/11), and 3.8 percent for CRA reportable small business and small farm loans (at 12/31/11). The bank’s “In and Out” ratio in 2012 was consistent with the performance noted in April 1, 2009 through 2011

Institution (continued)

Description of Assessment Areas

NCB’s AAs include the Ohio counties of Highland, Brown, and Clinton. Highland and Clinton Counties are in a non-MSA and Brown County is in the Cincinnati-Middletown, OH-KY-IN MSA. The counties are contiguous, with Brown County bordering the Ohio River east of Cincinnati, and Clinton and Highland Counties located to the north and east of Brown County.

Brown County is a separate AA from Highland and Clinton Counties because of Brown County’s inclusion in the Cincinnati MSA; thus, in this evaluation, we have a separate lending, investment, and service test analysis for Brown County. We note, however, the demographics, economy, and overall nature of Brown County is still quite similar to Highland and Clinton Counties, and there is no variation in bank operations or business strategy between the two AAs. Both manufacturing and agriculture are vital to the overall economic health of the area. The only notable difference is slightly lower unemployment and poverty rates in Brown County, which is attributable to Brown County’s slowly growing link to the economy of the greater Cincinnati area.

The state of Ohio had a non-seasonally adjusted unemployment rate of 7.6 percent as of March 31, 2013, which was equal to the national rate. All three counties comprising the two AAs reported unemployment rates higher than the state average, though the rates have been trending down in all three counties. One community contact noted vitality in the agricultural sector and a rebound in manufacturing as positive factors contributing to the steady decline in the unemployment rates. However, the overall local economy was poor throughout the evaluation period. We note the AAs’ unemployment rates compared to both state and federal unemployment rates in Table 4.

Geography	3/31/2013	9/30/2009
Highland County	9.8%	16.1%
Clinton County	10.2%	15.0%
Brown County	10.0%	11.5%
Ohio	7.6%	10.7%
USA	7.6%	9.6%

Source: Ohio Department of Job and Family Services

We illustrate the demographic data on population, families, and housing units within the combined AAs as of the 2000 census in Table 5 on the following page. The demographic data shown below is remarkably similar within each county. The median housing costs in the area are relatively low.

Institution (continued)

Table 5 - Demographic Data Combined AAs (Based on 2000 U.S. Census Data)	
Demographic Data	2000 Census
Population	123,703
Total Families	34,353
1-4 Family Units	48,324
Multi-family Units	3,029
% Owner-Occupied Units	58%
% Rental-Occupied Units	20%
% Vacant Housing Units	8%
Weighted Average Median Housing	\$88,084

The following table indicates the number of geographies in each income level and compares it to the distribution of families living in those geographies and to 1-4 family dwellings located within those geographies.

Table 6 - Distribution of Geographies, Families and Housing Units In the Combined AAs (Based on 2000 U.S. Census Data, Reflecting 2004 Boundary Changes)						
Geog Inc Level	Geographies		Total Area Families		1-4 Family Dwellings	
2000 Census:	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%
Moderate	6	23.1%	7,099	20.7%	9,563	19.8%
Middle	19	73.1%	25,847	75.2%	36,770	76.1%
Upper	1	3.8%	1,407	4.1%	1,991	4.1%
Total	26	100.0%	34,353	100.0%	48,324	100.0%

As shown above, NCB’s combined AA consists of 26 census tracts, with six moderate-income, 19 middle-income, and one upper-income. We provide this view of the combined AAs due to the similar nature of the three counties that comprise the two AAs. There are no low-income census tracts. Five of the six moderate-income census tracts are in Brown County; however, none were near the only branch in Brown County. The Highland and Clinton Counties AA had a single moderate-income geography and one upper-income geography.

The 2010 Census re-designated several census tracts as “moderate” that had been “middle” in the 2000 census; however, the 2009, 2010, and 2011 lending data analyzed in the Lending Test below, is associated to the 2000 census data. The re-designation of a number of tracts to moderate-income does confirm the recent difficult economic times reported by the community contacts. We analyzed the 2012 lending data against the 2010 census, but with the exception of community development loans, did not include the data in tabular form.

Institution

Non-Metropolitan Area Reviewed

The performance in non-metropolitan areas must be assessed separately from performance in a metropolitan area. Below is our assessment of the Lending, Investment, and Service tests for the Highland/Clinton AA, which is the non-metropolitan portion of the bank’s retail service area.

Conclusions With Respect To Performance Tests

LENDING TEST – Highland/Clinton AA

Based on full-scope reviews, the bank’s performance in the Non-MSA AA is adequate.

Under the Lending Test, areas reviewed include lending activities within the AA, geographic distribution of loans, and lending to borrowers of different income and businesses and farms of different sizes. Community development lending, and innovative and flexible products are also considered. Throughout the lending test, unless otherwise noted tabular data does not include 2012 activity.

Lending Activity – Highland/Clinton AA

The bank’s overall lending activity in the Highland/Clinton AA is adequate. We analyzed the bank’s deposit, HMDA and Small Business/Small Farm market share within the Highland/Clinton AA. We illustrate those market shares in Table 7 below. In Highland County, NCB, FSB was 4th in 2011 HMDA market share, 6th in small business/small farm market share, and 3rd in deposit market share. In Clinton County, NCB, FSB was just 44th in HMDA market share, 10th in small business/small farm market share, and 9th in deposit market share. In both counties, lenders with larger market shares tended to be much larger financial institutions. The company’s business model with its emphasis on coop lending was also a significant performance context factor that can partially explain the HMDA market share figures.

Table 7 - Lending and Deposit Market Share (in dollars) In the Highland/Clinton AA		
	Highland	Clinton
Deposit Market Share (at 06/30/2012)	13.9%	2.3%
HMDA Market Share (2011)	5.2%	0.2%
SmBus/SmFarm Market Share (2010)	4.0%	2.7%

*Deposit Data Source: Federal Deposit Insurance Corporation
 Most recent data available was used for all products*

Institution (continued)

Geographic Distribution of Loans – Highland/Clinton AA

NCB’s lending performance in terms of its geographic lending distribution is good. More weight was given to the bank’s performance from April 1, 2009 through 2011 than to its performance in 2012.

The geographic distribution of the HMDA lending is better than the aggregate, and reasonable when compared to area demographics. The distribution of small business and small farm lending is reasonable when compared to either aggregate data or demographic data.

For reference, the following tables illustrate the Highland/Clinton AA demographics most relevant to our analysis and are based on the 2000 census figures. The 2010 census resulted in nine total census tracts with three moderate- and six middle-income census tracts; however, the re-mapping did not substantially change our conclusions regarding performance. In addition, both vacant housing units and the poverty rate were both higher in 2010, reflecting the severe economic downturn, but again this fact did not substantively impact our conclusion.

Demographic Data	2000 Census
Population	81,418
Total Families	22,552
1-4 Family Units	31,777
Multi-family Units	2,383
% Owner-Occupied Units	66%
% Rental-Occupied Units	25%
% Vacant Housing Units	9%
Weighted Average Median Housing	\$88,881

Source: U.S. Census Bureau

Tract Income Category	Geographies		Total Area Families		Owner Occupied Housing Units	
	#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%
Moderate	1	5.6%	1,157	5.1%	1,330	6.0%
Middle	16	88.8%	19,988	88.6%	19,629	87.8%
Upper	1	5.6%	1,407	6.3%	1,393	6.2%
NA	0	0.0%	0	0.0%	0	0.0%
Total	18	100.0%	22,552	100.0%	22,352	100.0%

Source: U.S. Census Bureau

Institution (continued)

Home Mortgage Loans

The overall geographic distribution of HMDA loans is excellent. The bank’s geographic distribution of HMDA loans during April 1, 2009 through 2011 was excellent.

In the following table, we illustrate HMDA loan originations categorized by census tract income category within the Highland/Clinton AA. We compared performance to aggregate HMDA data for 2011, which is the latest data available.

Table 10 - Distribution of HMDA-Reportable Loans By Geography Income Level in Highland/Clinton AA (Dollars in thousands)			
Geography Inc. Level	Review Period		Aggregate
	4/1/2009 – 12/31/2011		2011
By Number:	#	%	% by #
Moderate	7	6.1%	4.4%
Middle	108	93.9%	85.8%
Upper	0	0.0%	9.8%
Total	115	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Moderate	\$583	5.2%	3.6%
Middle	\$10,667	94.8%	83.4%
Upper	\$0	0.0%	13.0%
Total	\$11,250	100.0%	100.0%

Source: U.S. Census Bureau

During the 33-month review period, management originated 6.1 percent of its HMDA loans within this Highland/Clinton AA in the sole moderate-income geography. This figure compares favorably with the percentage of HMDA loans made in the sole moderate-income tract reported by all HMDA reporting banks. Further, only 6.0 percent of the AA’s owner-occupied housing units are located in the sole moderate-income tract. The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Small Loans to Businesses/Farms

The overall geographic distribution of small business/small farm loans is good. The bank’s geographic distribution of small business/small farm loans during April 1, 2009 through 2011 was good.

In Table 11 on the following page, we illustrate small business and small farm loan originations categorized by census tract income category within the Highland/Clinton AA. We compared performance to aggregate HMDA data for 2011, which is the latest data available.

Institution (continued)

Table 11 - Distribution of All Reportable Small Business/Small Farm Loans By Geography Income Level in Highland/Clinton AA			
(Dollars in thousands)			
Geography Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Moderate	3	3.3%	2.1%
Middle	69	76.7%	86.6%
Upper	18	20.0%	11.3%
Total	90	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Moderate	\$36	0.7%	1.9%
Middle	\$4,000	83.1%	80.3%
Upper	\$779	16.2%	17.8%
Total	\$4,815	100.0%	100.0%

Source: U.S. Census Bureau

The distribution of NCB’s reportable small business and small farm loans was comparable to that of other banks subject to the reporting requirement. Less than three percent of total small businesses and small farms are located in the moderate-income tract. Further, the dollar amount loaned is low when compared to aggregate; however, many of the top small business reporters active in the AA are primarily credit card lenders.

The bank’s performance in 2012 was less favorable than the performance noted in April 30, 2009 through 2011 period, as we noted no small business or small farm loans reported in the moderate-income tracts. There was no change in business strategy noted that was responsible for this performance change, and we note that all lenders are reporting modest quantities of loans in the one moderate-income tract. Thus, the 2012 results did not impact the overall conclusion.

Lending Gap Analysis

We reviewed summary lending reports and analyzed the bank’s home mortgage and small business lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank’s AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude any low- or moderate-income areas.

Institution (continued)

Borrower Income Distribution of Loans – Highland/Clinton AA

The overall borrower income distribution of the bank’s lending is good. We considered the relatively high poverty level in the MSA in our conclusion.

The three demographic tables immediately below define the median-family income levels used, the income ranges that comprise each of the four income categories, and the number of families that comprise each income category within the Highland/Clinton AA.

Table 12 - Annual Median Family Income Highland/Clinton AA (Non-MSA)	
Year	Amount
2009	\$53,800
2010	\$53,700
2011	\$52,900

Source: HUD Median Family Income of the State Non-MSA Areas

Table 13 - Median Family Income Ranges Highland/Clinton AA (Non-MSA)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$26,449
Moderate (50% - 79%)	\$26,450	\$42,319
Middle (80% - 119%)	\$42,320	\$63,479
Upper (>= 120%)	\$63,480	+

Source: HUD Median Family Income of the State Non-MSA Areas

Table 14 - Distribution of Families by Income Category Highland/Clinton AA (Non-MSA)		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	4,014	17.8%
Moderate (50% - 79%)	4,127	18.3%
Middle (80% - 119%)	5,503	24.4%
Upper (>= 120%)	8,908	39.5%
Total Families	22,552	100.0%

Source: HUD Median Family Income of the State Non-MSA Areas

Institution (continued)

Home Mortgage Loans

The overall borrower distribution of home mortgage lending is good. The bank’s borrower income distribution of HMDA loans during April 1, 2009 through 2011 was excellent.

While low-income families do comprise a significant portion of the AA, the poverty rate in the Highland/Clinton AA is high at 14.8 percent reported by the 2010 census, a significant increase from the 10.9 percent reported on the 2000 census. The poverty rate and trend are similar to the overall statewide poverty rate and trend. The poverty rate is significant in our analysis of HMDA data due to the difficulty of persons living below poverty qualifying for mortgage loans.

The table below illustrates HMDA loan originations categorized by borrower income within the Highland/Clinton AA. We compared NCB, FSB’s performance to the aggregate HMDA data reported by other lenders active in the AA. We determined the distribution of NCB, FSB’s HMDA loans was similar to the aggregate and reveals no areas of concern. Further, we compared lending to the number of residents in the AA who were low or moderate-income and determined NCB’s lending distribution is reasonable given the population of low- and moderate-income families in the AA.

NCB exceeded the aggregate performance for both low- and moderate-income borrowers.

Table 15 - Distribution of HMDA-Reportable Loans By Borrower Income Level in Highland/Clinton AA (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Low	10	8.7%	9.4%
Moderate	24	20.9%	19.7%
Middle	26	22.6%	23.5%
Upper	38	33.0%	41.7%
NA	17	14.8%	5.7%
Total	115	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	602	5.4%	5.3%
Moderate	1,602	14.2%	14.8%
Middle	2,449	21.8%	21.8%
Upper	4,609	41.0%	52.5%
NA	1,988	17.6%	5.6%
Total	\$11,250	100.0%	100.0%

Source: HUD Median Family Income of the State Non-MSA Areas

The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Institution (continued)

Small Loans to Businesses/Farms

The overall borrower distribution of small loans to businesses and farms is good. The bank’s borrower income distribution of small loans to businesses and farms during April 1, 2009 through 2011 was good.

The table below demonstrates NCB’s small business and small farm loan activity, categorized by loan origination amount. The aggregate data reflects the activity of other banks in the AA subject to the small business/small farm reporting requirement. We note the distribution of loans between NCB and the reporting institutions included in the aggregate data are similar.

Table 16 - Distribution of Small Business and Small Farm Loans By Loan Size in Highland/Clinton AA (Dollars in thousands)			
	Review Period		Aggregate
	4/1/2009 – 12/31/2011		2011
Origination Amount:	#	%	% by #
\$100,000 or Less	82	91.1%	89.7%
>\$100,000 to \$250,000	7	7.8%	5.9%
>\$250,000	1	1.1%	4.4%
Total	90	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
\$100,000 or Less	\$3,027	62.9%	31.9%
>\$100,000 to \$250,000	\$1,038	21.5%	23.3%
>\$250,000	\$750	15.6%	44.8%
Total	\$4,815	100.0%	100.0%

Source: CRA reportable small business and small farm data

During the 4/1/2009 to 12/31/2011 period illustrated above, all NCB CRA-reportable small business and small farm loans were to businesses with less than \$1 million in annual revenue. This figure is comparable to small business and small farm demographic information, which indicated 97.1 percent of area businesses (including farms) had less than \$1 million in annual revenues.

The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011 period illustrated in the table above.

Institution (continued)

Innovative and Flexible Lending Practices—Highland/Clinton AA

NCB offers SBA loans, including ESOP, franchise, hardware, and small business. The SBA loans that qualify as CRA-reportable are incorporated into the lending figures elsewhere in this report.

Community Development Lending Activities—Highland/Clinton AA

There were no community development loans reported in the AA during the current review period. Opportunities in the AA are limited.

INVESTMENT TEST – Highland/Clinton AA

The bank's performance under the Investment Test is rated "Low Satisfactory." The bank's performance under the Investment Test in the Highland/Clinton AA is adequate.

Under the Investment Test, areas reviewed include investment and grant activity, the innovativeness and complexity of such activity, and responsiveness to credit and community development needs. We considered activities within the AA, including activities that impact broader geographic areas inclusive of the AA.

As of February 28, 2013, NCB reported qualifying investments with outstanding balances of approximately \$715,000. Certain grants and prior period investments are also considered qualifying investments for CRA purposes. When those items are considered, the total of qualifying investments is \$917,000.

Qualifying investments in rural areas are less widely available than in urban areas. The table on the following page illustrates the qualifying investment and grant activity in the Highland/Clinton AA.

Institution (continued)

Table 17 - Qualified Investments – NCB, FSB Highland/Clinton AA or Broader Geographic Area December 9, 2009 through February 28, 2013					
Entity	Date Investment/Grant	Original Dollar Amount	Current Dollar Balance/Funded Commitment	Area Served	Description of Investment
Meritus Ventures, LLP	10/13/2006*	\$250	\$49	Highland and Brown Counties; all Appalachian Counties	An equity investment by NCB, FSB in a venture capital fund that is also a registered Rural Business Investment Company (RBIC) formed to make equity investments in private, expansion-stage companies in predominantly rural areas in central and southern Appalachia. \$500,000 represents the initial prior period commitment. Bank records indicate \$98,784 was funded during the current review period. The figure reported for the Highland/Clinton AA represents one-half of the investment.
Ohio Capital Finance Corporation (OCFC) Loan Review Fund	12/31/2010	\$333	\$333	Ohio	An equity investment in the OCFC Ohio Affordable housing loan fund to aid in the financing of affordable housing construction and renovation throughout Ohio. The figure reported for the Highland/Clinton AA represents two thirds of the investment.
Ohio Capital Finance Corporation Participation Fund	12/31/2012	\$333	\$333	Ohio	A second equity investment in the OCFC Ohio Affordable housing loan fund to aid in the financing of affordable housing construction and renovation throughout Ohio. Two thirds pro-ratio also applied.
Blanchester Food Pantry	12/2011	\$1	NA	Clinton County, Ohio	Grant to a local food pantry.
Investment Total		\$917	\$715		

Institution (continued)

SERVICE TEST – Highland/Clinton AA

The bank’s performance under the service test in the Highland/Clinton AA is rated “High Satisfactory”. Based on a full-scope review, the bank’s performance in the Highland/Clinton AA is good.

Under the Service Test, we reviewed the accessibility of delivery systems, changes in branch locations, branch openings or closings, reasonableness of business hours, and the extent of community development services.

Table 18 - Branches and Stand-Alone ATMs					
Branch/Stand Alone ATM	Lobby Hours		Drive Thru Hours		Deposit-Taking ATM
Main Office-Hillsboro-Highland	M-TR	9 to 3	M-TR	9 to 4:30	Yes
(Moderate-Income Geography)*	F	9 to 6	F	9 to 6	
	SAT	9 to 12	SAT	9 to 12	
Kroger-Hillsboro-Highland	M-TR	9 to 6	M-TR	9 to 6	Yes
(Moderate-Income Geography)	F	9 to 6	F	9 to 6	
	SAT	9 to 3	SAT	9 to 3	
Wilmington-Clinton	M-TR	9 to 3	M-TR	9 to 4:30	Yes
(Middle-Income Geography)	F	9 to 6	F	9 to 6	
	SAT	9 to 12	SAT	9 to 12	
Highland Plaza, ATM-Highland	M-TR	NA	M-TR	NA	Yes
(Moderate-Income Geography)	F	NA	F	NA	
	SAT	NA	SAT	NA	

*based on 2010 US census data.

Retail Services

The retail branch distribution is good. NCB, FSB conducts its operations through three offices and four full-service Automated Teller Machines in Highland/Clinton AA. Two offices are located in geographies currently designated as moderate-income geographies, and the other is currently considered a middle-income geography. During the review period, management closed the Blanchester (Clinton County) office for financial reasons. The branch had been located in a middle-income census tract. Other financial institutions are present in Blanchester, and closure did not impact the availability of credit in that area. The branch distribution and business hours of the remaining offices are reasonable.

Institution (continued)

Our analysis, covering April 1, 2009 through 2011, considered all three offices in the Highland/Clinton AA middle-income, as defined by the census information effective during that period. Thus, the branch distribution during this portion of our total review period is considered good. Our 2012 analysis considered two of the three branches in moderate-income geographies, due to the more recent census data available for that period. Thus, the branch distribution during this portion of the total review period is excellent AA.

NCB, FSB offers telephone and online banking services, including bill payment, and transfers between accounts. The online system offers automatic access to financial management software and can generate custom user reports. NCB, FSB offers other traditional products and services to its customers. Regarding commercial customers, NCB, FSB offers cash management services, merchant card services, remote deposit capture, and wire transfers.

Community Development Services

The bank's performance in providing community development services is good.

In October of each year, two NCB, FSB employees present the ABA's "Get Smart About Credit" to the local High School students of Hillsboro Ohio, the majority of which were confirmed as being eligible for free or reduced price lunch programs.

Each year in April or May, the Bank has partnered with the Ohio State University Extension Office to present a financial training course entitled "Real Money, Real World" to middle school students. The curriculum includes things such as how to open a checking account and how to balance an account. Two employees conduct this training in schools located in Hillsboro and the Bright Local schools. The majority of students in these schools were confirmed as eligible for either free lunches or reduced price lunches.

In December 2012 NCB, FSB personnel performed a "Job Shadowing" event for the Whiteoak High School where a majority of the students qualify for free lunches or reduced price lunches.

Fair Lending or Other Illegal Credit Practices Review

We identified no violations of the substantive provisions of the laws and regulations prohibiting discrimination or other illegal credit practices through the evaluation of compliance with consumer laws and regulations during the recently completed comprehensive examination.

Multi-State Metropolitan Area Reviewed

Description of Institution's Operations in Brown County, Ohio
(Cincinnati-Middletown, OH-KY-IN MSA)

NCB has designated Brown County as an AA. Unlike the rest of NCB's retail operating area, this county is located within an MSA; therefore, it is evaluated as a separate AA.

Due to the limited presence in the County, and the fact that the branch office is very close to the Brown/Highland County line, we gave less weight to the performance noted in the Brown AA as compared to the performance in the Highland/Clinton AA. The Brown County branch office operations, products, and services are identical to those offered in the Highland/Clinton AA (see above under "Description of Institution"). The one branch maintained in Brown County is not near any of the moderate-income geographies.

Description of Brown County, OH AA
(Cincinnati-Middletown, OH-KY-IN MSA)

This AA, which is located in the Cincinnati-Middletown, OH-KY MSA (#17140), contains eight geographies. There are no low- or upper-income geographies in the Brown County AA. The county is very slowly transitioning into a bedroom community; however, the county is still largely rural and more similar to the Highland/Clinton AA than to the vast majority of the Cincinnati MSA. For more information, see "description of the AAs". Further, the branch office in Brown County is very close to the Highland/Brown county line and is also in the "panhandle" shaped portion of Brown County; thus, is relatively isolated from the majority of the County, including the moderate-income geographies.

Conclusions with Respect to Performance Tests in
Brown County, Ohio
(Cincinnati-Middletown, OH-KY-IN MSA)

LENDING TEST – Brown AA

Based on full-scope reviews, the bank’s performance in the Non-MSA AA is adequate.

Under the Lending Test, areas reviewed include lending activities within the AA, geographic distribution of loans, and lending to borrowers of different income and businesses and farms of different sizes. Community development lending, and innovative and flexible products are also considered. Throughout the lending test, unless otherwise noted, tabular data does not include 2012 activity. More weight was given to performance in the Highland/Clinton AA based on the volume of deposits associated with branches located in this area.

Lending Activities – Brown AA

The bank’s overall lending activity in the Brown AA is poor.

We analyzed the bank’s deposit, HMDA and Small Business/Small Farm market share within the Brown AA. We illustrate those market shares below. In Brown County, NCB was 30th in HMDA market share, and 15th in small business/small farm market share, while it was 9th in deposit market share. Other lenders with larger market shares tended to be much larger financial institutions. The company’s business model with its emphasis on co-op lending is also a significant performance context factor that mitigates some of the poor performance. However, these factors only partially offset the weak performance. The market share figures are highlighted below.

Table 19 - Lending and Deposit Market Share (in dollars)	
Brown AA	
Deposit Market Share (at 06/30/2012)	4.7%
HMDA Market Share (2011)	0.6%
SmBus/SmFarm Market Share (2010)	1.5%

*Deposit Data Source: Federal Deposit Insurance Corporation
Most recent data available was used for all products*

Geographic Distribution of Loans – Brown AA

NCB’s lending performance in terms of its geographic distribution is good.

We analyzed the distribution of loans geographically. For reference, the following tables illustrate the Brown AA demographics most relevant to our analysis and are based on the 2000 census figures, which resulted in three moderate-income and five middle-income census tracts. The 2010 census resulted in nine total census tracts with three designated as moderate-income and six designated as middle-incomes; however, the re-mapping did not impact our conclusions regarding performance.

Demographic Data	2000 Census
Population	42,285
Total Families	11,801
1-4 Family Units	16,547
Multi-family Units	646
% Owner-Occupied Units	59%
% Rental-Occupied Units	15%
% Vacant Housing Units	8%
Weighted Average Median Housing	\$86,501

Source: U.S. Census Bureau

Geog Inc Level	Geographies		Total Area Families		Single Family Dwellings	
	#	%	#	%	#	%
2000 Census:						
Moderate	5	62.5%	5,942	50.4%	6,710	52.9%
Middle	3	37.5%	5,859	49.6%	5,986	47.1%
Total	8	100.0%	11,801	100.0%	12,696	100.0%

Source: U.S. Census Bureau

Home Mortgage Loans

The overall geographic distribution of HMDA loans is adequate. The bank’s geographic distribution of HMDA loans during April 1, 2009 through 2011 was adequate.

In the table on the following page, we illustrate HMDA loan originations categorized by census tract income category within the Non-MSA AA. We compared performance to aggregate HMDA data for 2011, which is the latest data available.

Table 22 - Distribution of HMDA-Reportable Loans By Geography Income Level in Brown AA (Dollars in thousands)			
Geography Inc. Level	Review Period		Aggregate
	4/1/2009 – 12/31/2011		2011
By Number:	#	%	% by #
Moderate	1	5.6%	40.7%
Middle	17	94.4%	59.3%
Upper	0	0.0%	0.0%
Total	18	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Moderate	\$100	5.9%	36.6%
Middle	\$1,582	94.1%	63.4%
Upper	\$0	0.0%	0.0%
Total	\$1,682	100.0%	100.0%

Source: U.S. Census Bureau

During the 33-month review period depicted in the table above, management originated 5.6 percent of its HMDA loans within the Brown AA in any of the moderate-income geographies. This figure compares very poorly with the percentage of HMDA loans made in the moderate-income tracts reported by all HMDA reporting banks that comprise the aggregate data. However, a review of the Brown County census tract map demonstrated the moderate-income census tracts are all well to the south of NCB’s sole Brown County office, which is located in a “panhandle” shaped portion of the county, near both Highland and Clinton counties. The panhandle was comprised entirely of one middle-income census tract. Therefore, no concern is raised by the HMDA geographic distribution. The bank’s performance in 2012 was consistent with the performance noted in the April 1, 2009 through 2011 period.

Small Loans to Businesses and Farms

The overall geographic distribution of small business and small farm loans is good. The bank’s geographic distribution of small business and small farm loans during April 1, 2009 through 2011 was adequate.

In the table on the following page, we illustrate small business and small farm loan originations categorized by census tract income category within the Brown AA. We compared performance to aggregate small business and small farm data for 2011, which is the latest data available.

Table 23 - Distribution of All Reportable Small Business/Small Farm Loans By Geography Income Level in Brown AA (Dollars in thousands)			
Geography Inc. Level	Review Period		Aggregate
	4/1/2009 – 12/31/2011		2011
By Number:	#	%	% by #
Moderate	5	20.8%	50.6%
Middle	19	79.2%	49.4%
Total	24	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Moderate	240	13.0%	52.8%
Middle	1,613	87.0%	47.2%
Total	1,853	100.0%	100.0%

Source: U.S. Census Bureau

The distribution of NCB’s reportable small business and small farm loans was poor compared to the aggregate data; however, the location of the lone office in the AA entirely explains the apparent discrepancy. Given that all the moderate-income tracts are a significant distance from the physical office, the performance is reasonable. Therefore, no concern is noted by the small business/small farm geographic distribution. The geographic distribution of small business/small farm lending data in 2012 was less favorable than noted above. However, no change in business strategy was noted that would have resulted in the less favorable results and the 2012 analysis was based on a smaller period of time. Thus, the 2012 results did not impact the overall conclusion.

Borrower Income Distribution of Loans-Brown AA

The overall borrower income distribution of the bank’s lending is good. We analyzed NCB in terms of its distribution of HMDA mortgage loans in relation to borrower income levels.

The three demographic tables immediately below and on the following page define the median-family income levels used, the income ranges that comprise each of the four income categories, and the number of families that comprise each income category within the Brown AA.

Table 24 - Annual HUD Median Family Income Brown AA (Cincinnati MSA)	
Year	Amount
2009	\$69,200
2010	\$69,500
2011	\$70,400

Source: Department of HUD

Table 25 - HUD Median Family Income Ranges Brown AA (Cincinnati MSA)		
Income Category (As % of MSA Median)	Income Ranges	
	From	To
Low (< 50%)	\$1	\$35,249
Moderate (50% - 79%)	\$35,250	\$56,399
Middle (80% - 119%)	\$56,400	\$84,599
Upper (>= 120%)	\$84,600	+

Source: Department of HUD

Table 26 - Distribution of Families by Income Category Brown AA (Cincinnati-MSA)		
Family Income Category (As a % of MSA Median)	2000 Census Data	
	Number	Percent
Low (< 50%)	3,244	27.5%
Moderate (50% - 79%)	2,830	24.0%
Middle (80% - 119%)	3,008	25.5%
Upper (>= 120%)	2,719	23.0%
Total Families	11,801	100.0%

Source: Department of HUD

Home Mortgage Loans

The overall borrower distribution of home mortgage loans is good. The bank's borrower income distribution of HMDA loans during April 1, 2009 through 2011 was excellent.

While low-income families comprise a significant portion of the AA, the poverty rate in the Brown AA is significant at 12.7 percent reported by the 2010 census, a modest increase from the 11.4 percent reported on the 2000 census. The rate and trend is similar to the overall statewide poverty rate and trend.

The table on the following page illustrates HMDA loan originations categorized by borrower income within the Brown County AA. We compared NCB's performance to the aggregate HMDA data reported by other banks active in the AA. Lending percentages to both low- and moderate-income borrowers is relatively close to the aggregate data. The performance among low-income borrowers is particularly strong in relation to both the aggregate data and poverty statistics. We noted that the distribution of HMDA lending data based on borrower income in 2012 was similar to the analysis below and did not change our conclusion.

Table 27 - Distribution of HMDA-Reportable Loans By Borrower Income Level in Brown AA (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Low	4	22.2%	17.3%
Moderate	4	22.2%	26.5%
Middle	2	11.1%	24.6%
Upper	8	44.5%	26.2%
NA	0	0.0%	5.4%
Total	18	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	\$222	13.2%	10.9%
Moderate	\$405	24.1%	22.6%
Middle	\$215	12.8%	24.7%
Upper	\$840	49.9%	36.2%
NA	\$0	0.0%	5.6%
Total	\$1,682	100.0%	100.0%

Source: Department of HUD

Small Loans to Businesses and Farms

The overall borrower distribution of small loans to businesses is adequate. The bank’s borrower income distribution of small business and small farm loans during April 1, 2009 through 2011 was adequate.

The table on the following page demonstrates NCB’s small business and small farm loan activity, categorized by loan origination amount. The aggregate data reflects the activity of other banks in the AA that are also subject to the small business/small farm reporting requirement. The distribution of NCB loans varies slightly from the distribution of other area lenders as compiled in the aggregated data; the aggregate lending figures are more heavily skewed toward the smallest loan size when compared to NCB, 92 percent versus NCB’s 83 percent. In 2012, the percentage of NCB’s small loans fell to 76 percent. However, a number of the business lenders active in the area are credit card specialty lenders, which effectively reduces the opportunity to make smaller loans for traditional lenders.

Table 28 - Distribution of Small Business and Small Farm Loans By Loan by Size in Highland/Clinton AA (Dollars in thousands)			
	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
Origination Amount:	#	%	% by #
\$100,000 or Less	20	83.4%	92.1%
>\$100,000 to \$250,000	2	8.3%	3.8%
>\$250,000	2	8.3%	4.1%
Total	24	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
\$100,000 or Less	\$710	38.3%	36.5%
>\$100,000 to \$250,000	\$279	15.1%	17.4%
>\$250,000	\$864	46.6%	46.1%
Total	\$1,853	100.0%	100.0%

Source: CRA reportable small business and small farm data

All of the loans illustrated in the table immediately above were to businesses or farms that reported less than \$1,000,000 in revenues. This is essentially equivalent to the 97.7 percent of the loans reported in the aggregate data that were to entities with less than \$1,000,000 in annual revenues. The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Lending Gap Analysis

We reviewed summary reports and maps, and analyzed the bank’s home mortgage and small business and small farm lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained conspicuous gaps. The bank’s AA consists of whole geographies, meets the requirements of the CRA regulation, and does not arbitrarily exclude any low- or moderate-income areas.

Innovative and Flexible Lending Practices – Brown AA

NCB offers SBA loans, including ESOP, franchise, hardware, and small business. The SBA loans that qualify as CRA-reportable are incorporated into the lending figures elsewhere in this report.

Community Development Lending Activities – Brown AA

There were no community development loans reported in the AA during the current review period. We note there are limited opportunities in the AA.

INVESTMENT TEST – Brown AA

The bank’s performance under the Investment Test is rated “Low Satisfactory.” The bank’s performance under the Investment Test in the Brown AA is adequate.

There were no qualifying investments unique to Brown County; however, there were several that impacted a broader geographic area, that we pro-rated between the Brown and Highland/Clinton AAs. These are listed in Table 29 below.

Table 29 - Qualified Investments – NCB, FSB Brown AA or Broader Geographic Area December 9, 2009 through February 28, 2013					
Entity	Date Investment/Grant	Original Dollar Amount	Current Dollar Balance/Funded Commitment	Area Served	Description of Investment
Meritus Ventures, LLP	10/13/2006*	\$250	\$49	Highland and Brown Counties; all Appalachian Counties	An equity investment by NCB in a venture capital fund that is also a registered Rural Business Investment Company (RBIC) formed to make equity investments in private, expansion-stage companies in predominantly rural areas in central and southern Appalachia. \$500,000 represents the initial prior period commitment. Bank records indicate \$98,784 was funded during the current review period. The figure reported for the Brown AA represents one-half of the investment.
Ohio Capital Finance Corporation (OCFC) Loan Review Fund	12/31/2010	\$167	\$167	Ohio	An equity investment in the OCFC Ohio Affordable housing loan fund to aid in the financing of affordable housing construction and renovation throughout Ohio. The figure reported for the Brown AA represents one third of the investment as both Highland and Clinton Counties are also covered by the fund.
Ohio Capital Finance Corporation Participation Fund	12/31/2012	\$167	\$167	Ohio	A second equity investment in the OCFC Ohio Affordable housing loan fund to aid in the financing of affordable housing construction and renovation throughout Ohio. One third pro-ratio also applied.
Investment Total		\$584	\$383		

SERVICE TEST—Brown AA

The bank's performance under the service test in the Brown County AA is "Low Satisfactory". Based on a full-scope review, the bank's performance in the Brown AA is adequate.

Retail Services

The bank's branch distribution in this AA is adequate. The single office is open 10:00AM to 3:00PM Monday through Thursday and until 6:00PM on Friday. This office is not open on Saturday. The drive-up window operates until 4:30PM Monday through Thursday and is open from 9:00AM to 12:00PM on Saturdays. There is also a full-service ATM at this office location, which is located in a middle-income geography, in Fayetteville. NCB offers all retail services at this location. The bank did not open or close any offices or ATMs in this AA during the review period.

NCB offers telephone and online banking services, including bill payment and transfers between accounts. The online system offers automatic access to financial management software and can generate custom user reports. NCB also offers traditional products and services to its customers. Regarding commercial customers, NCB offers cash management services, merchant card services, remote deposit capture, and wire transfers.

Community Development Services

The bank's record of providing community development services in this AA is poor. While employees are active in various community service organizations within this AA, the activities did not meet the CRA definition of community development service, which relates to the provision of financial services to low- or moderate-income residents.

Performance Outside AAs

Due to the non-traditional nature of NCB, FSB's operations, once adequate performance within the two traditionally designated AAs was established, we also considered performance outside the AAs, as described below.

LENDING TEST – OUTSIDE the AAs

The distribution of loans based on borrower income outside the AAs had no effect on the bank's overall lending test rating; however, the volume of community development loans outside the AAs improved the bank's overall lending test rating from "low satisfactory" to "high satisfactory."

Due to the strong niche in co-op lending, our lending analysis of activities outside either of the two rural Ohio AAs focused on two categories of loans: HMDA-reportable mortgages and qualifying community development loans. We analyzed the HMDA-reportable data in selected markets with significant residential co-op lending opportunities, based on borrower income. We also considered community development activities outside the AAs. Because over 50 percent of the reported small business and small farm loans reported were located within one of the two AAs, we did not analyze those small business/small farms made outside the AAs. We focused our limited HMDA lending review to four of NCB's largest residential co-op markets: New York City, Washington, D.C., Chicago, and Los Angeles. Of these four markets, the bank is most active in New York, so greater weight was given to that analysis.

Lending to Borrowers of Different Incomes – New York City (New York County Only)

The overall borrower income distribution of HMDA loans in this market is adequate. The bank's borrower income distribution of HMDA loans during April 1, 2009 through 2011 was adequate.

Due to the widespread existence of residential co-ops in the city, New York City is NCB's most active residential market. The table on the following page illustrates HMDA loan originations categorized by borrower income within New York County. We compared NCB's performance to the aggregate HMDA data reported by other HMDA reporting banks active in the New York County. The distribution of NCB's HMDA loans did not compare favorably to the aggregate data, though the lending volume reported to both low- and moderate-income borrowers by all lenders was low.

The figures noted above are primarily attributable to the high-cost nature of the local housing market. The 2011-weighted average median housing for New York County is \$345,099, while the HUD median family income for New York County for 2011 was just \$67,400. Further, the percentage of

owner-occupied properties in New York County was just 18.9 percent. Thus, there are limited opportunities for mortgage lending secured by owner-occupied properties in the low- and moderate-income market segment.

We noted an unusually high number of loans where borrower income is reported as “NA.” This is due to the tendency in New York City for NCB to grant Co-op loans in the name of the Co-op rather than to individuals purchasing into the Co-op.

Table 30 - Distribution of HMDA-Reportable Loans By Borrower Income Level in New York County (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
	#	%	% by #
By Number:			
Low	1	0.2%	0.6%
Moderate	3	0.5%	1.7%
Middle	12	2.0%	6.0%
Upper	189	31.6%	81.6%
NA	394	65.7%	10.1%
Total	599	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	\$100	0.0%	0.2%
Moderate	\$546	0.1%	0.4%
Middle	\$1,885	0.2%	1.7%
Upper	\$99,892	12.9%	68.4%
NA	\$675,097	86.8%	29.3%
Total	\$777,520	100.0%	100.0%

Source: Department of HUD

The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Lending to Borrowers of Different Incomes – Washington, D.C.

The overall borrower income distribution of HMDA loans in this market is excellent. The bank’s borrower income distribution of HMDA loans during April 1, 2009 through 2011 was excellent. The 2011 weighted average median housing for Washington DC is \$186,158, while the HUD median family income for Washington DC was just \$104,300. Further, the percentage of owner-occupied properties in Washington DC was only 37 percent. Thus, we note opportunities for mortgage lending to low- and moderate-income borrowers are present.

The table on the following page illustrates HMDA loan originations categorized by borrower income within Washington, D.C., which is an area with significant residential co-op lending. We compared NCB’s performance to the aggregate HMDA data reported by other HMDA reporting banks active in Washington, D.C.

The distribution of NCB’s HMDA loans compared favorably to the aggregate data both in number of loans and total dollars lent to both low- and moderate-income borrowers.

Table 31 - Distribution of HMDA-Reportable Loans By Borrower Income Level in Washington, D.C. (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Low	17	10.5%	6.5%
Moderate	35	21.6%	13.0%
Middle	45	27.8%	20.1%
Upper	61	37.6%	46.7%
NA	4	2.5%	13.7%
Total	162	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	\$1,954	5.4%	2.6%
Moderate	\$5,207	14.4%	7.5%
Middle	\$8,817	24.4%	15.3%
Upper	\$16,039	44.3%	55.8%
NA	\$4,163	11.5%	18.8%
Total	\$36,180	100.0%	100.0%

Source: Department of HUD

The bank’s performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Lending to Borrowers of Different Incomes – Cook County (Chicago)

The overall borrower income distribution of HMDA loans in this market is excellent. The bank’s borrower income distribution of HMDA loans during April 1, 2009 through 2011 was excellent.

The 2011 weighted average median housing for Cook County is \$173,839, while the HUD median family income for Cook County was \$76,200. Further, the percentage of owner-occupied properties in Cook County was 55 percent. Thus, we note opportunities for mortgage lending to low- and moderate-income borrowers are present.

The table on the following page illustrates HMDA loan originations categorized by borrower income within Cook County, which is an area with significant residential co-op lending. We compared NCB, FSB’s performance to the aggregate HMDA data reported by other HMDA reporting banks active in Cook County.

The distribution of NCB’s HMDA loans compared favorably to the aggregate data in terms of number of loans to both low- and moderate-income borrowers.

Table 32 - Distribution of HMDA-Reportable Loans By Borrower Income Level in Cook County, IL (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Low	3	9.4%	6.8%
Moderate	5	15.6%	13.8%
Middle	11	34.4%	18.5%
Upper	11	34.4%	43.5%
NA	2	6.2%	17.4%
Total	32	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	\$233	2.6%	3.0%
Moderate	\$458	5.0%	8.0%
Middle	\$1,569	17.3%	14.1%
Upper	\$2,031	22.4%	55.8%
NA	\$4,790	52.7%	19.1%
Total	\$9,081	100.0%	100.0%

Source: Department of HUD

The bank's performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Lending to Borrowers of Different Incomes – Los Angeles (Los Angeles County)

The overall borrower income distribution of HMDA loans in this market is excellent. The bank's borrower income distribution of HMDA loans during April 1, 2009 through 2011 was excellent.

The 2011 weighted average median housing for Los Angeles County is \$240,248, while the HUD median family income for Los Angeles County was just \$64,000. Further, the percentage of owner-occupied properties in Los Angeles County was 46 percent. Thus, we note that opportunities for mortgage lending to low- and moderate-income borrowers are limited.

The table on the following page illustrates HMDA loan originations categorized by borrower income within Los Angeles County, which is an area with significant residential co-op lending. We compared NCB's performance to the aggregate HMDA data reported by other HMDA reporting banks active in Los Angeles County.

The distribution of NCB's HMDA loans compared favorably to the aggregate data in terms of both the number and percent of loans to both low- and moderate-income borrowers.

Table 33 - Distribution of HMDA-Reportable Loans By Borrower Income Level in Los Angeles County (Dollars in thousands)			
Borrower Inc. Level	Review Period 4/1/2009 – 12/31/2011		Aggregate 2011
By Number:	#	%	% by #
Low	10	7.6%	3.0%
Moderate	29	22.0%	9.8%
Middle	38	28.8%	17.3%
Upper	54	40.9%	56.5%
NA	1	0.7%	13.4%
Total	132	100.0%	100.0%
By \$ Amt:	\$	%	% by \$
Low	765	3.0%	1.3%
Moderate	3,863	15.4%	5.0%
Middle	7,996	31.8%	11.3%
Upper	11,511	45.8%	64.9%
NA	1,000	4.0%	17.5%
Total	25,135	100.0%	100.0%

Source: Department of HUD

The bank's performance in 2012 was consistent with the performance noted in April 1, 2009 through 2011.

Community Development Lending Activities

The volume and quality of community development loans outside the AAs is excellent. The volume and quality of community development loans had a positive impact on the bank's overall lending test rating.

The following three tables describe the breakdown of community development (CD) loans outside of the AAs. These loans provided affordable housing, community services targeted to low- or moderate-income people, revitalized or stabilized low- or moderate-income geographies, or promoted economic development by financing small businesses.

Management submitted loans from 2010, 2011, and 2012 for consideration; only loans with sufficient documentation to confirm a primary purpose of community development are described in the tables on the following pages.

Table 34 - December 9, 2009 through 2010 Community Development Loans Outside Both AAs (Dollars in thousands)				
Type of Entity	Original Loan Amount	Balance at 2/28/13	Area Served	Description of Loan (s)
Community Development Financial Institution (CDFI)	\$200	\$200	USA	Loan to a CDFI located in Springfield MA. Mission is the preservation of affordable housing on a national basis.
Housing Co-Operative	\$860	\$824	New York City	Mortgage to a low-income housing cooperative located on the lower east side of Manhattan. Loan is permanent financing relating to an 18-unit construction loan. Project required no public funds and created permanently affordable homeownership for families at less than 40% median-family income.
Health Clinic	\$974	\$974	Los Angeles	This is a New Markets Tax Credit (NMTC) transaction benefitting the community health clinic, which serves primarily LMI persons. Loan proceeds were used to purchase an existing medical facility site, replacing leased space for the health center and allowing an expansion of services and providers.
Educational Foundation	\$3,900	\$3,900	Albany, NY	This is an NMTC take out loan, granted on 06/29/2010 for a 300 student elementary school. The majority of students qualify for free- or reduced-price lunches. The financing also allowed the school to increase space of the existing gymnasium, add classrooms & offices, and add a playground. Total additional square footage is 5,700.
Public School	\$4,600	\$0	Oakland, CA	A Revolving line of credit to a public school to enable the purchase of a bond from the California School Finance Authority to benefit 9 charter schools primarily in Oakland with a large majority of students from LMI families, as evidenced by a large majority of students being eligible for free- or reduced-price lunches. Loan proceeds will be used to bridge withheld per pupil payments (from the state) during the school year.
Charter School	\$1,036	\$836	Dallas, TX	Leasehold improvement loan for a charter school in low-income area of Dallas, serving 250 students in grades 5 - 8, the majority of whom are eligible for free- or reduced-price lunches. Financing allowed KIPP to add an additional 11,000 sq. ft. of classroom space.
Total	\$11,570	\$6,734		

Table 35 - 2011 Community Development Loans Outside Both AAs (Dollars in thousands)				
Type of Entity	Original Loan Amount	Current Loan Balance	Area Served	Description of Loan (s)
Housing Co-Operative	\$803	\$790	District of Columbia	Loan is secured by limited equity co-op with 32 units. The unit rates cannot exceed 80 percent of DC median-family income as defined in the co-op bylaws.
Charitable Investment Fund	\$1,900	\$1,900	Baltimore	This is a leverage loan for an NMTC transaction, which benefited a not-for-profit organization in East Baltimore. The organization's focus is to serve families recovering from substance abuse, poverty and homelessness. The loan was used to rehabilitate and convert a dilapidated building into residential units for clients and classrooms; facility is located in a low-income geography.
Housing Co-Operative	\$440	\$432	District of Columbia	This is the Pro-rata share of units reserved for low-income occupants of a residential cooperative.
Total	\$3,143	\$3,122		

Table 36 - 2012 through February 28, 2013 Community Development Loans Outside Both AAs (Dollars in thousands)				
Type of Entity	Original Loan Amount	Current Loan Balance	Area Served	Description of Loan (s)
Grocery Cooperative	\$1,800	\$1,800	Hayward, CA	This is a conventional loan to finance the build-out of a new grocery store in Hayward, CA. Store is located in a moderate-income census tract (less than 60 percent of median family income).
Native American Tribe	\$8,994	\$8,994	Milwaukee	The loan is to construct a new 46,000 square-foot, multi-tenant wholesale data back-up storage center. The two-story center is part of the Forest County Potawatomi (FCP) tribe's effort to redevelop an 11-acre site located in a low-income geography. The project is expected to result in 8 to 12 full-time jobs, and the facility would be the first of its kind in SE Wisconsin. Many local companies reportedly use out-of-state facilities for data backup. The total commitment is \$17,000,000.
Grocery Co-Operative	\$750	\$750	Pittsburg, CA	Conventional loan to provide funds for the build out of a new store located in a low-income census tract.
Total	\$11,544	\$11,544		

INVESTMENT TEST – Outside AAs

The volume and quality of community development investments outside the AAs is adequate. Management submitted investments from outside either AA for consideration; only investments with a primary purpose of community development are described below. The qualifying investments outside of the AA were supportive of an adequate performance level, but did not warrant an improvement in the investment rating from the Low Satisfactory based on activities within both AAs.

Table 37 - Qualified Investments – NCB, FSB Outside Both AAs					
December 9, 2009 through February 28, 2013					
Type of Entity	Date Investment/ Grant	Original Dollar Amount (\$000)	Current Dollar Balance (\$000)	Area Served	Description of Investment
CDFI	12/20/04	\$50	\$50	USA	Equity investment in a certified CDFI that provides financing nationally to following types of entities: consumer food cooperatives, employee-owned cooperative businesses, alternative staffing agencies, and affordable cooperative housing.
CDFI	10/10/09	\$13	\$13	New England States	Social Capital Notes (equity-like investment) in a certified CDFI. The purpose of the fund is to provide venture capital to co-op organizations in a manner that will not cause the co-op to lose control over its management and destiny.
CDFI	2/09/12	\$1,000	\$0	USA	Nominee Deposits in a CDFI, matured prior to 02/28/13.
Minority Owned Financial Institution	4/06/06	\$242	\$242	USA	Certificate of Deposit in a minority owned financial institution, that is also a certified CDFI, headquartered in Denver, CO.
CDFI	4/01/04	\$243	\$243	District of Columbia	Certificate of Deposit in a certified CDFI community bank in the District of Columbia.
CDFI	07/01/11	\$242	\$242	Illinois and Wisconsin	Certificate of Deposit in a certified CDFI located in Chicago.
CDFI	07/07/11	\$240	\$0	Chicago, IL	Certificate of Deposit in a certified CDFI community bank in Chicago; matured prior to 2/28/13.
Grants paid to entities outside AAs	12/09/09-12/31/12	\$16	NA	District of Columbia	Primarily food banks and homeless shelters.
Investment Total – Outside AA		\$2,046	\$790		

SERVICE TEST – Outside AAs

No services provided outside either of the AAs contained the financial component necessary for consideration under the CRA regulation.

Appendix A

Scope of Examination

Table 38 - SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED:		
April 1, 2009 – February 28, 2013		
NCB, FSB		PRODUCTS REVIEWED
NCB, FSB		HMDA, small business, small farm, and community development loans, investments, and services.
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
NCB Capital Impact (prior to September 17, 2010)	Common Ownership	Community Development loans and investments

Table 39 - LIST OF AAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Ohio Non-MSA	Full Scope	One	None
Brown County, OH	Full Scope	None	None
(Cincinnati-Middletown MSA)			

Appendix B

Summary of State and Multistate Metropolitan Area Ratings

Table 40 - RATINGS: NCB, FSB				
Overall Bank	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall Bank/State/Mult-State MSA Rating
NCB, FSB	*High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
State or Multistate Metropolitan Area				
State of OHIO (Highland and Clinton Counties)	Low Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
Cincinnati Multi-State MA (Brown County)	Low Satisfactory	Low Satisfactory	Low Satisfactory	Satisfactory

*Due to the non-traditional nature of the bank’s operations, once a reasonable performance level was established in each of the two AAs, performance outside the AA relating to community development loans was considered and improved the bank’s overall lending test rating.

CRA Rating Definitions

There are five separate and distinct CRA assessment methods set forth in the CRA: the lending, investment, and service tests for large, retail institutions; the intermediate small institution test for intermediate small savings associations; the streamlined examination method for small institutions; the community development test for wholesale and limited purpose institutions; and the strategic plan option for all institutions. OTS will assign an institution one of the four assigned ratings required by Section 807 of the CRA:

1. "Outstanding record of meeting community credit needs."
2. "Satisfactory record of meeting community credit needs."
3. "Needs to improve record of meeting community credit needs."
4. "Substantial noncompliance in meeting community credit needs."

OTS judges an institution's performance under the test and standards in the rule in the context of information about the institution, its community, its competitors, and its peers. Among the factors to evaluate in an examination are the economic and demographic characteristics of the ASSESSMENT AREA(s); the lending, investment, service, and community development opportunities in the ASSESSMENT AREA(s); the institution's product offerings and business strategy; the institution's capacity and constraints; the prior performance of the institution; in appropriate circumstances, the performance of a similarly situated institution; and other relevant information. An institution's performance need not fit each aspect of a particular rating profile in order to receive that rating, and exceptionally strong performance with respect to some aspects may compensate for weak performance in others. The institution's overall performance, however, must be consistent with safe and sound banking practices and generally with the appropriate rating profile. In addition, OTS adjusts the evaluation of an institution's performance under the applicable assessment method in accordance with §563e.21 and §563e.28, which provide for adjustments on the basis of evidence of discriminatory or other illegal credit practices.