



## **PUBLIC DISCLOSURE**

August 08, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

National Cooperative Bank, N.A.  
Charter Number 25093

139 S High St  
Hillsboro, OH 45133-1474

Office of the Comptroller of the Currency  
Washington DC Field Office  
400 7th Street S.W.  
Washington, DC 20219

**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, and should not 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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## Overall CRA Rating

**Institution’s CRA Rating:** This institution is rated **Satisfactory**.

The following table indicates the performance level of **National Cooperative Bank, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National Cooperative Bank N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- The percentage of lending inside its assessment areas (AAs) is adequate considering the nationwide lending strategy.
- The Bank’s lending activity in the AAs is adequate considering the Bank’s capacity and business strategy.
- The Bank’s overall geographic distribution of loans is good, as evidenced by overall good home mortgage and small business performance;
- The Bank’s overall borrower income distribution of loans is good, as evidenced by overall good distribution of home mortgage loans by income level of borrowers and excellent distribution of loans to businesses and farms with different revenue sizes;
- Community development (CD) lending had a positive impact on the Lending Test in the AAs. CD loans supported affordable housing and social services to low- or moderate-income (LMI) individuals.
- CD lending in the broader regional area had a positive impact on the Lending Test. These loans financed affordable housing, supported economic development initiatives to stabilize and revitalize LMI areas, and supported social services to LMI individuals.
- The Bank has an overall good level of qualified CD investments that are responsive to

community needs;

- The Bank's branch offices are essentially accessible to people and geographies of different income levels. Hours and services do not vary in a way that inconveniences individuals and geographies of various income levels. The Bank offers an adequate level of services through alternative delivery systems. There were no opening or closing of offices; and
- The Bank provides a good level of CD services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development (CD):** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income:** Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually

that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.



## Description of Institution

National Cooperative Bank, N.A. (NCB) is a wholly owned and principle subsidiary of the National Consumer Cooperative Bank (NCCB). As of June 30, 2016, NCB had total assets of \$2.1 billion, total loans of \$1.7 billion, and Tier One Capital of \$ 255.8 million. Of the Bank's \$1.7 billion in loans, approximately 76.03 percent is comprised of loans secured by real estate. Commercial real estate and 1-4 family residential properties represent 21.41 percent and 21.67 percent of total loans, respectively. Commercial and industrial loans make up 22.17 percent and multi-family mortgage loans represent 28.38 percent of the total loan portfolio. All other loan types comprise the remaining 6.37 percent of the total loan portfolio.

NCCB was created in 1978 by an act of Congress to further the development of cooperative enterprises. In 1981, NCCB privatized as a cooperatively owned financial institution and is currently owned by 3,100 customer-owners located across the country. When NCCB first privatized, it operated as a commercial finance company reliant on the capital markets for funding. In 1988, NCCB acquired Anchor Savings and Loan Association of Hillsboro, Ohio. With this acquisition, NCCB began offering banking services to its customers and was renamed National Cooperative Bank, Federal Savings Bank. In December 2014, NCB converted to a national bank charter and changed its name to National Cooperative Bank, National Association. The Bank is headquartered in Arlington, Virginia and has offices to serve its cooperative customers in Alaska, California, and New York. The Bank's four retail branch offices are located in Southwestern Ohio. Two branch offices are located in Hillsboro in Highland County, and one branch office is located in Wilmington in Clinton County. The Bank's fourth branch office is located in Fayetteville in Brown County, which is part of the Cincinnati, Ohio Metropolitan Statistical Area.

As a cooperative lender and financial institution, NCB's customer base includes retailer owned grocery wholesalers, purchasing and housing cooperatives, and franchises across the country. NCB originates "share" loans to buyers of housing cooperatives in the national market as part of fulfilling NCCB's statutory obligation. Shares of stock and leaseholds secure NCB's residential cooperative loans. A cooperative corporation owns the entire property and each member owns a proportionate share in the corporation with a right of occupancy for a particular unit. Housing cooperatives are primarily concentrated in larger metropolitan cities such as New York, Chicago, Los Angeles, and Washington, D.C.

The Bank gathers the majority of its deposits from its cooperative housing and other cooperative customers across the county. A small percentage of the Bank's total deposits are sourced from its four retail branch offices. According to June 30, 2015 FDIC Deposit Market Share data, NCB's deposits totaled \$1.6 billion. For FDIC reporting purposes, the Bank's nationwide deposits are assigned to one of the Bank's branch offices in Hillsboro. Based upon internal Bank data as of June 30, 2015, 6.64 percent (\$108 million) of total deposits are local deposits from its Ohio retail branches. In contrast, 93.36 percent (\$1.5 billion) of total deposits are from nationwide deposits.

NCB also offers a wide range of home mortgage loan products for the purchase and refinance of residential dwellings including condominium and cooperative housing units. These products include conventional conforming jumbo fixed and adjustable rate mortgages with 30-year terms.

The Bank also offers loans with minimum down payments of five percent with private mortgage insurance. Home equity lines of credit and loans for the purchase or refinance of new and used automobiles, recreational vehicles, and other consumer items are also offered.

NCB offers numerous loan, deposit and banking services to its commercial customers. In addition to commercial real estate loans, the Bank offers federal guaranteed loan programs including those from the Small Business Administration, US Department of Agriculture, and US Bureau of Indian Affairs. Traditional business deposit accounts are offered along with numerous commercial banking services. These services include cash management, which features initiation of ACH and wire transfers, automatic overnight sweep accounts, and access to account balances at various levels. NCB also offers merchant card services that provide credit card and check authorization services to its commercial customers. Coin and currency services are available to provide deposit acceptance, shipping and processing, as well as cash preparation and change order fulfillment. NCB also provides its housing cooperative customers with lockbox and payment processing services. These services assist the Bank's customers in processing residents' payment of maintenance fees via ACH, credit card, check, or online through a central lockbox.

NCB provides correspondent banking services to credit unions across the country. These products and services include settlement, ACH, wire, check item capture and processing, as well as on-line banking.

NCB has other affiliates that do not offer products or services directly to consumers. One entity is a service corporation established to hold commercial and industrial loans originated by NCB. The purpose of this entity was to increase the Bank's capacity to originate additional C&I loans. Another related organization is a Qualified Community Development Entity formed in anticipation of the New Markets Tax Credit application. Two other entities include a real estate holding company and repurchase facility used in place of a line of credit. The activities of these related entities had no CRA impact on the Bank during the evaluation period. The Bank did not have any merger or acquisition activity during the evaluation period.

There are no known legal, financial, or other factors impeding the Bank's ability to help meet the credit needs of its AAs. The Bank received a Satisfactory rating in its previous CRA evaluation dated April 1, 2013.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This Performance Evaluation (PE) assesses the Bank's performance under the Lending, Investment, and Service Tests. With the exception of CD loans, the evaluation period for the Lending Test is January 1, 2013 through December 31, 2015. For CD loans, the Investment Test, and the Service Test, the evaluation period is April 1, 2013 through June 30, 2016.

In evaluating the Bank's lending performance, we reviewed home mortgage loans reported under the HMDA for calendar years 2013, 2014, and 2015. We also used data from small business and small farm loans originated during 2013, 2014, and 2015. NCB originated only

one home improvement loan and no multifamily residential mortgage loans in the AAs. Considering the minimal number of home improvement and multi-family loans originated, these loans were not included the evaluation of the Bank's performance under the Lending Test.

## **Data Integrity**

Prior to this evaluation, the OCC selected and tested samples of HMDA and small business and small farm loan data to determine the accuracy and reliability of the data for use in this CRA evaluation. All HMDA and CRA loan data for calendar years 2013 through 2015 was determined to be accurate and reliable for use in evaluating the Bank's performance under the Lending Test.

## **Selection of Areas for Full-Scope Review**

The OCC selected the Clinton-Highland AA for a full-scope review. While a substantial majority of the Bank's deposits is gathered outside the AAs, deposits from the Clinton-Highland AA represent 81 percent of total AA retail deposits with the remainder from the Brown County AA. Of the total HMDA and CRA loans originated in the combined AAs, approximately 86.01 percent were in the Clinton-Highland AA.

## **Ratings**

The OCC based the Bank's overall rating primarily on conclusions for the full-scope AA (Clinton-Highland), which represents the highest concentration of deposits and loans. When evaluating the Bank's performance under the Lending Test, we placed greater weight on the distribution of home mortgage loans than the distribution of small business loans. The volume of home mortgage loans was substantially greater than the volume of small loans to businesses and small loans to farms.

Within the home mortgage category, the OCC gave the most weight to home refinance loans which represent 73 percent of all home mortgage loans in the combined AA. Home purchase loans represented 27 percent of all home mortgage loans in the combined AA.

In the Service Test, we gave the most weight to community development services. As a nationwide financial institution with a limited number of branch offices, retail branch services are not a primary product of NCB.

Since lending, investment and service activities within the AA are adequate, we considered the Bank's CD activities in the broader regional area including the Bank's AAs.

## **Other**

Community credit needs in the assessment area were determined by reviewing recent housing and demographic information. In addition, the OCC considered information from community contacts in connection with this and other CRA examinations of Banks operating in the same assessment area. For this evaluation, examiners conducted one community contact interview

with a non-profit organization providing social services to LMI individuals. This community contact identified affordable housing as the most critical need.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the Bank, or in any assessment area by an affiliate whose loans have been considered as part of the Bank's lending performance.

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

## Conclusions with Respect to Performance Tests

### LENDING TEST

#### Conclusions for Areas Receiving Full-Scope Reviews

The Bank's performance under the Lending Test is rated **High Satisfactory**. Based on a full-scope review, the Bank's performance in the Clinton-Highland AA is good. The Bank's CD lending in the broader regional area is significant and positively impacted NCB's performance under the Lending Test.

#### Lending Activity

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the Bank's lending activity.

NCB's lending activity in the Clinton-Highland AA reflects adequate responsiveness to community credit needs and reasonable in relationship to the Bank's operating strategy, deposit market share, and lending market share. Home mortgage lending activity is adequate considering the Bank's deposit market share and competition in the AA. Small business and small farm lending activity is excellent relative to the Bank's deposit market share and competition in the AA.

Based on the June 30, 2015 FDIC Deposit Market Share Report, NCB ranks 1<sup>st</sup>, with market share of 58.33 percent among 16 depository institutions in the AA. As previously mentioned, for reporting purposes the FDIC assigns NCB's nationwide deposits to Highland County. Excluding the nationwide deposits, NCB's market share of deposits within the Clinton-Highland AA is approximately 7.07 percent, ranking them 5<sup>th</sup> among 16 depository institutions in the AA.

Based upon 2014 Peer Mortgage Data, NCB had a 0.63 percent market share of home purchase loans, ranking 35th among 96 reporting lenders. Fifth Third Bank, Wells Fargo N.A., and MyCU Mortgage, LLC had market shares of 15.72 percent, 10.27 percent, and 7.48 percent, respectively. NCB achieved a 1.67 percent market share of home refinance loans, ranking 16th among 86 reporting lenders. Fifth Third Bank, Quicken Loans, and US Bank N.A. had market shares of 14.99 percent, 7.41 percent, and 5.64 percent, respectively.

NCB achieved a 2.11 percent market share of small loans to businesses, ranking 10th among 35 reporting lenders. The small business lending activity is excellent given the institution's market share and ranking when compared to the deposit market share and small business lending competition within the AA. The top five lenders for small business lending include several of the nation's largest credit card lenders that collectively have 43.99 percent of the market share. The top three lenders include U.S. Bank N.A., American Express FSB, and Capital One Bank N.A.

NCB had an 18.81 percent market share of small loans to farms ranking 2<sup>nd</sup> among 16 lenders. John Deere Financial FSB ranked 1<sup>st</sup> with a market share of 45 percent and U.S. Bank N.A. ranked 3<sup>rd</sup> with a market share of 15.00 percent.

### **Distribution of Loans by Income Level of the Geography**

Overall, NCB's geographic distribution of loans in the Clinton-Highland AA is good. In evaluating the geographic distribution of home mortgage loans, the OCC considered that there are no low-income census tracts in the AA. In addition, examiners considered the limited number of farms (8.00 percent) operating within moderate-income census tracts. The analysis also considered the fact that in 2013 and 2015 all five middle-income census tracts in Highland County were designated distressed census tracts due to poverty rates.

#### **Home Mortgage Loans**

Refer to Tables 2a, 3a, and 4a in appendix C for the facts and data used to evaluate the geographic distribution of the Bank's home mortgage loan originations and purchases.

#### **Home Purchase Loans**

The geographic distribution of home purchase loans is excellent. The percentage of loans in moderate-income geographies exceeded the percentage of owner-occupied units in these geographies. NCB's percentage of loans in moderate-income census tracts exceeded aggregate lending activity.

#### **Home Mortgage Refinance Loans**

The overall geographic distribution of home mortgage refinance loans is excellent. The portion of loans in moderate-income geographies exceeded the percentage of owner-occupied units in these geographies. NCB's distribution of loans in moderate geographies exceeded the aggregate percentage of loans in these geographies.

#### **Small Loans to Businesses**

Refer to Table 6a in appendix C for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to businesses.

The overall geographic distribution of small loans to businesses is adequate. The portion of loans in moderate-income geographies was below the percentage of businesses in those geographies. The Bank's percentage of loans in moderate-income geographies was below aggregate percentage of lending.

#### **Small Loans to Farms**

Refer to Table 7a in appendix C for the facts and data used to evaluate the geographic distribution of the Bank's origination/purchase of small loans to farms.

The overall geographic distribution of small loans to farms is very poor. The percentage of loans in moderate-income geographies was significantly below the percentage of farms in those geographies. NCB's percentage of loans in moderate-income geographies was significantly below the aggregate percentage of loans in moderate-income census tracts.

### **Lending Gap Analysis**

The OCC reviewed summary reports, maps, and analyzed NCB'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. Examiners did not identify any unexplained conspicuous gaps. This had a neutral impact on the conclusion regarding the Bank's geographic distribution of loans.

### **Inside/Outside Ratio**

This ratio is a Bank-wide calculation and not calculated by individual rating areas or AAs. Analysis is limited to Bank originations. For the combined three-year evaluation period, NCB originated a majority (95.07 percent) of loans outside of the Bank's AAs. This percentage of lending outside is considered adequate given the Bank's operating strategy as a nationwide lender. The percentage in number of loans made inside the AAs by loan type are as follows: home refinance loans (4.14 percent), home purchase loans (1.76 percent), small loans to businesses (34.72 percent) and small loans to farms (100.00 percent).

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of lending by income level of borrower reflects good penetration. The OCC placed greater weight on the Bank's home mortgage lending as home mortgage loans represented the majority of reportable lending activity. Additionally, examiners considered the impact that higher poverty and unemployment rates would have on lending performance in the AA. According to 2010 U.S. Census data, 5.49 percent of families in the AA are below the poverty level. In addition, unemployment rates in Clinton and Highland Counties are higher than state unemployment rates. According to the US Bureau of Labor, the average unemployment rates for Clinton and Highland Counties for calendar years 2013 through 2015 were 8.00 percent and 8.19 percent, respectively. These rates were higher than the average unemployment rate in state of Ohio during this period. The average unemployment rate in Ohio during these years was 6.03 percent. The factors of poverty and unemployment could affect lending opportunities among low-income borrowers.

### **Home Mortgage Loans**

Refer to Tables 8a, 9a, and 10a in appendix C for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

### **Home Purchase Loans**

The overall borrower income distribution of home purchase loans is excellent. The percentage of home purchase loans to low-income borrowers approximates the percentage of low-income



families and exceeded aggregate percentage of lending to low-income families. The portion of loans to moderate-income borrowers exceeded the percentage of moderate-income families and exceeded aggregate lending percentages to moderate-income borrowers.

### **Home Mortgage Refinance Loans**

The distribution of home mortgage refinance loans is good. The percentage of refinance loans to low-income borrowers was well below the percentage of low-income families. The distribution of loans to low-income borrowers exceeded aggregate lending percentages. The percentage of loans to moderate-income families exceeded the percentage of moderate-income families. The Bank's distribution of loans to moderate-income borrowers exceeded aggregate lending percentages.

### **Small Loans to Businesses**

Refer to Table 11a in appendix C for the facts and data used to evaluate the borrower distribution of the Bank's origination/purchase of small loans to businesses.

The overall borrower distribution of small loans to businesses is excellent. The percentage of small loans to small businesses (businesses with gross annual revenue of \$1 million or less) exceeded the percentage of small businesses. The Bank's distribution of small loans to businesses exceeded aggregate lending percentages. A majority of the Bank's small loans to businesses were for amounts less than \$100 thousand.

### **Small Loans to Farms**

Refer to Table 12a in appendix C for the facts and data used to evaluate the borrower distribution of the Bank's origination/purchase of small loans to farms.

The overall borrower distribution of small loans to farms is excellent. The percentage of small loans to small farms (farms with gross annual revenue of \$1 million or less) exceeded the percentage of small farms. The Bank's percentage of small loans to farms exceeded aggregate lending percentages. A majority of the Bank's small loans to farms were for amounts less than \$100 thousand.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the Bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans.

The Bank made an adequate level of CD loans in the AA. During the evaluation period, NCB originated one CD loan totaling \$500 thousand in December 2015. This loan provided financing for social services to low-income senior citizens in a nursing home facility located in Highland County. The rural nature of the AA and economic conditions impacts CD lending opportunities. This CD loan had a positive impact on the overall Lending Test rating.

## **Product Innovation and Flexibility**

NCB makes limited use of innovative and flexible lending practices. The Bank introduced a new First Time Home Buyers Grant program during the evaluation period. Under this program, grants of up to \$5,000 are available to individuals in the combined AAs with income less than 80 percent of the area median income. These forgivable grants can be used to cover costs associated with down payment and closing costs. As of June 30, 2016, NCB originated one loan under this grant program. This had a positive impact on the Bank's lending performance in the full-scope assessment area.

## **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the Bank's performance under the lending test in the Brown County AA is not inconsistent with the Bank's overall performance under the lending test. Refer to Tables 1 through 13 in appendix C for the facts and data that support these conclusions.

## **Home Mortgage Loans Outside the AAs**

After determining NCB's level of lending within the AAs was adequate, we evaluated borrower income distribution in areas outside the AAs compared to aggregate lending activity. Based upon this review, the overall distribution of borrower income was adequate. This lending had a neutral impact on the performance under the Lending Test.

To conduct this review we selected areas with significant concentrations of home purchase and home refinance loans. During calendar years 2013 through 2015, the Bank originated 3,711 home purchase and home refinance loans. Of this total, 2,245 loans (approximately 60 percent) were concentrated in areas reflected in Table No. 1 below.

Based upon the information in Table 1, approximately 30 percent of home mortgage loans were concentrated in New York County. However, borrower income was not reported for approximately 72 percent of the home mortgage loans originated in New York County. The absence of borrower income is largely a factor of the Bank's extensive level of cooperative lending. Because the Bank generally grants loans in the name of the housing cooperative rather than the name of the individual borrower. Considering the high percentage of total loans without borrower income within New York County area, the analysis of borrower income distribution is not meaningful.

<b>Table 1. National Cooperative Bank N.A. Home Mortgage Loans 2013 -2015</b>	
<b>County and MSA/Metropolitan Division (MD)</b>	<b># of Loans</b>
New York County NY- #35644 New York White Plains- Wayne NY, NJ MD	676*
Orange County CA- #42044 Santa Ana-Anaheim-Irving CA MD	457
Contra Costa County CA- #36084 Oakland-Fremont, CA MD	259
District of Columbia - #47894 Washington-Arlington-Alexandria MD	263
San Francisco County #41882 San Francisco-San Mateo-Redwood City CA MD	238
Los Angeles County -# 31084 Los Angeles-Long Beach- Glendale CA MD	174
King County -#42644 Seattle-Bellevue WA MSA	178
<b>Total Loans</b>	<b>2,245</b>

\*No borrower income reported for 489 of the 676 loans in New York County, NY.

Within the majority of areas (excluding New York County), the Bank's overall distribution of loans to low-income borrowers was near to aggregate percentage of loans to low-income borrowers. The distribution of loans to moderate-income borrowers was near to the percentage of aggregate HMDA lending activity.

Due to changes in boundaries of metropolitan statistical areas by the Office of Management and Budget that became effective January 1, 2014, the OCC conducted borrower income distribution analysis for calendar year 2013 separately from lending activity in calendar years 2014 and 2015.

### **Home Purchase**

Refer Table 2 and Table 3 below for the distribution of home purchase loans to borrowers of different incomes compared to aggregate HMDA lending.

Overall, the distribution of loans to low-income borrowers was near to the aggregate percentage of loans to low-income borrowers. The distribution of loans to moderate-income borrowers was near to the percentage of aggregate HMDA lending activity. However, the Bank's percentage of lending to low-income borrowers in San Francisco County was poor compared to aggregate percentage of loans.

<b>Table 2 NCB Borrower Income Distribution of Home Purchase Loans 2014-2015</b>					
<b>Area</b>		<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>	
	<b>Total # of Bank Home Purchase Loans</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending</b>	<b>% Bank Loans</b>	<b>% of Aggregate Lending</b>
New York County	88	0.00	0.16	0.00	1.46
District of Columbia	52	15.38	5.02	23.08	17.71
Contra Costa County	127	6.30	3.25	22.38	14.57
Orange County	169	9.47	1.67	34.32	9.46
Los Angeles County	85	4.92	1.24	16.39	6.46
San Francisco County	84	0.00	0.89	0.00	4.17
King County	66	21.21	5.50	39.39	15.86

<b>Table 3 NCB Borrower Income Distribution of Home Purchase Loans 2013</b>					
<b>Area</b>		<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>	
	<b>Total # of Bank Home Purchase Loans</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending</b>	<b>% Bank Loans</b>	<b>% of Aggregate Lending</b>
New York County	25	0.00	0.16	0.00	1.46
District of Columbia	75	25.33	5.02	29.33	17.71
Contra Costa County	58	8.62	3.25	34.48	14.57
Orange County	112	14.29	1.67	31.25	9.46
Los Angeles County	52	7.69	1.24	25.00	6.46
San Francisco County	60	1.67	0.89	3.33	4.17
King County	61	29.51	5.50	34.43	15.86

## Home Refinance

Refer to Tables 4 and 5 below for the distribution of home refinance loans to borrowers of different incomes compared to aggregate HMDA lending.

Overall, the distribution of loans to low-income borrowers was near to the aggregate percentage of loans to low-income borrowers. The distribution of loans to moderate-income borrowers was near to the percentage of aggregate HMDA lending activity. However, the Bank's percentage of lending to low-income borrowers in Los Angeles and San Francisco Counties was poor compared to aggregate percentage of loans to low-income borrowers. The Bank's percentage of loans to moderate-income borrowers was good compared to aggregate lending.

<b>Table 4 NCB Borrower Income Distribution of Home Refinance Loans 2014-2015</b>					
<b>Area</b>		<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>	
	<b>Total # of Bank Home Purchase Loans</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending</b>	<b>% Bank Loans</b>	<b>% of Aggregate Lending</b>
New York County	38	0.00	1.24	7.89	2.34
District of Columbia	39	7.69	9.61	25.64	16.99
Contra Costa County	33	9.09	5.82	36.36	15.19
Orange County	88	25.00	4.82	36.36	8.65
Los Angeles County	23	0.00	3.67	8.70	2.34
San Francisco County	51	0.00	4.52	9.80	9.69
King County	21	28.57	6.10	47.62	12.35

<b>Table 5 NCB Borrower Income Distribution of Home Refinance Loans 2013</b>					
<b>Area</b>		<b>Low-Income Borrowers</b>		<b>Moderate-Income Borrowers</b>	
	<b>Total # of Bank Home Purchase Loans</b>	<b>% of Bank Loans</b>	<b>% of Aggregate Lending</b>	<b>% Bank Loans</b>	<b>% of Aggregate Lending</b>
New York County	33	0.00	1.24	6.06	5.89
District of Columbia	73	4.17	9.61	13.89	23.47
Contra Costa County	33	15.15	5.82	57.58	23.03
Orange County	84	33.33	4.82	36.90	22.78
Los Angeles County	34	2.94	3.67	32.35	17.18
San Francisco County	37	0.00	4.52	8.11	16.91
King County	29	6.90	6.10	31.03	23.47

### **CD Lending in the Broader Regional Area**

In addition to its CD lending in the AAs, NCB originated a significant number of CD loans in the broader regional area including the Bank's AAs. These CD loans had a positive impact on the Bank's performance under the Lending Test. During the evaluation period, the Bank originated 39 community development loans totaling \$151 million. Of this total, 27 loans totaling \$118 million provided financing for affordable housing units. In addition, 11 loans totaling \$30 million providing funding for economic development initiatives such as revitalization and stabilization efforts in low-income and moderate-income census tracts. Furthermore, one CD loan for \$3.3 million provided financing for a health care facility servicing LMI individuals.

Specific examples of noteworthy CD loans originated during this evaluation period include:

- NCB originated a \$30 million loan to a limited equity-housing cooperative containing 1,486 units. For this limited equity cooperative, there are income limit restrictions.
- The Bank originated an \$11.1 million loan to a limited equity-housing cooperative containing 290 housing units. All owners in this cooperative must meet section 8 housing income limitations established by the Department of Housing and Urban Development (HUD).
- The Bank originated a \$2.7 million loan to an employee owned cooperative to finance the purchase of a shopping center located in a low-income area. This shopping center will help stabilize and revitalize this low-income area.
- NCB originated a \$12 million loan to finance a 100 unit limited equity cooperative. These housing units are designated affordable housing units. In addition, owners of this cooperative receive Section 8 vouchers through HUD.
- The Bank provided a \$2.3 million loan to finance retail stores and a cooperative grocery store in an area designated as a food desert by the United States Department of Agriculture. This store will help provide fresh food, and needed services to help stabilize this moderate-income urban area.
- The Bank provided a \$2.5 million loan for a 137 unit-housing cooperative. This cooperative is a Housing Development Fund Corporation. This fund was established for the purpose of developing housing projects for low-income persons in a large urban city.
- The Bank provided a \$3.5 million loan to refinance a loan to a retail owner cooperative grocery store. This grocery store will help retain jobs and provide needed services in order to stabilize this low-income urban area.

### **CD Loans Outside the Regional Broader Area**

Given the Bank's nationwide lending strategy, the OCC recognized 14 CD loans totaling \$44 million originated in the boarder regional area. Of the total, five loans totaling \$15 million were for affordable housing and eight loans totaling \$28 million were for other CD lending purposes.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The Bank's performance under the investment test is rated **High Satisfactory**. Based on a full-scope review, the Bank's performance in the Clinton-Highland AA is good.

Refer to Table 14 in appendix C for the facts and data used to evaluate the Bank's level of qualified investments.

During the current evaluation period, NCB originated 14 investments, grants, and donations in the AA totaling \$299 thousand.

The current period-qualified investments demonstrated good responsiveness to community credit needs. The Bank's grants and investments supported financial literacy, social services for LMI individuals, and affordable housing. The Bank made two grants totaling \$30 thousand for financial literacy efforts in schools servicing predominately LMI students. In addition, the Bank made nine grants totaling \$17 thousand to organizations providing social services for LMI individuals. NCB also made one investment totaling \$249 thousand in a minority owned financial institution.

In addition to the CD investments that benefited the Bank's AAs, examiners considered two prior period investments that have purpose, mandate, or function to serve a statewide area totaling \$1.5 million. One investment is a \$500 thousand equity investment in a Rural Business Investment Company (RBIC). The RBIC makes equity investments in private expansion stage companies in predominately-rural areas in Central and Southern Appalachia. The other investment is \$1 million investment is a statewide loan pool, which finances affordable housing and renovations throughout the state of Ohio. The current and prior period investments total \$1.5 million and represent 0.85 percent of Tier One Capital. NCB's qualified investments had a significant positive impact on the Investment Test.

### **Conclusions for Area Receiving Limited-Scope Reviews**

Based on a limited-scope review, the Bank's performance under the investment test in the Brown County AA is not inconsistent with the Bank's overall performance under the investment test.

Refer to Table 14 in appendix C for the facts and data used to evaluate the Bank's level of qualified investments.

### **Investments in the Broader Regional Area**

In addition to qualified investments within the Bank's AAs and the statewide area, NCB made significant investments and grants within the broader regional area including the Bank's AAs. These investments did not have a purpose, mandate, or function to serve the Bank's AA. Overall, these investments enhanced the Bank's performance under the Investment Test. During the current evaluation period, NCB made 27 qualified investments and grants totaling \$7.2 million. These investments included a \$7 million New Markets Tax Credit involving investments from multiple entities in support of economic development initiatives. As part of this transaction, NCB also originated a \$483 thousand loan to a qualified active low-income community business. The Bank also made 21 monetary grants totaling \$45 thousand to organizations providing social services to LMI individuals. NCB originated four investments totaling \$110 thousand supporting economic development initiatives to revitalize and stabilize low-and moderate- income geographies.

## Investments in Areas Outside the Broader Regional Area

As a nationwide financial institution, the OCC recognized NCB's grants and investments originated outside the broader regional area. During the current evaluation period, NCB made financial grants totaling \$42 thousand to 10 community development organizations. This total included four monetary grants in the amount of \$10 thousand to four organizations providing social services to LMI individuals. A \$5 thousand grant was made to a nationwide affordable housing organization and three grants totaling \$11 thousand supported economic development activities in LMI areas. In addition, NCB made a \$15 thousand investment in a nationwide Community Development Financial Institution (CDFI).

Examiners also acknowledged five prior investments totaling \$5.2 million. Four of these investments are in a nationwide CDFI with outstanding balances of \$545 thousand. The other investment is a New Market Tax Credit with an outstanding balance of \$4.4 million supporting a community health care clinic for LMI individuals.

## SERVICE TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The Bank's performance under the Service Test is rated **High Satisfactory**. Based on a full-scope review, the Bank's performance in the Clinton-Highland AA is good.

### Retail Banking Services

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the Bank's branch delivery system and branch openings and closings.

NCB's branch distribution in the AA is excellent. The Bank's branches are readily accessible to geographies and individuals of different income levels. NCB's single branch in a moderate-income census tract is near to the percentage of the population living in moderate-income census tracts.

During the evaluation period, NCB did not open or close any branch offices. Consequently, branch openings and closings had no adverse impact on the accessibility of the Bank's delivery systems to moderate-income geographies or LMI individuals.

NCB's branch hours and services offered throughout the AA do not vary in a way that inconveniences portions of the AA, particularly LMI individuals. Services offered and hours of operation are comparable among locations regardless of the income level of the geography.

Management complements its traditional service delivery methods with certain alternative delivery processes, including online banking, ATMs, and telephone banking. These delivery methods provide increased access to banking services throughout all areas in the AA. The OCC placed no significant weight on these alternative delivery systems, as the Bank did not



maintain metrics to determine their effectiveness in helping to meet the credit needs of LMI individuals.

### **Community Development Services**

NCB's performance in providing CD services in the Clinton-Highland AA is good. A total of 25 Bank personnel provided financial expertise to seven community development organizations. These CD services focused on financial literacy for LMI individuals and providing banking expertise to social service organizations serving LMI individuals. Twelve employees conducted financial literacy events in three local schools serving predominately LMI students. The majority of students in these three schools qualify for free or reduced lunch. In addition, five bank personnel provided financial literacy training to two other local organizations serving LMI individuals. Finally, eight bank employees provided financial expertise to three organizations providing social services to LMI individuals.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the Bank's performance under the Service Test in the Brown County AA is weaker than the Bank's overall performance. Bank personnel provided no community development services in the Brown County AA. Refer to Table 15 in appendix C for the facts and data that support these conclusions.

### **Community Development Services in the Broader Regional Area**

Given the Bank's lending performance in the AAs is good, we considered the Bank's record of CD services in the broader regional area. Ten employees provide financial and banking expertise to five community development organizations. Two employees serve in leadership positions with two affordable housing organizations. One employee serves on the board of an organization providing social services to LMI individuals.

### **Community Development Services Outside the Broader Regional Area**

Considering NCB's national operating strategy, examiners acknowledge Bank personnel's services provided to nationwide community development organizations. Four members of senior management serve in leadership positions with four national community development organizations. Two of these organizations are involved with affordable housing and one organization supports the provision of financial services to the underbanked. One member of management serves on the board of an affiliate funding entity of a national CDFI. This affiliate entity administers various lending programs targeted toward affordable housing, secondary market loans to LMI individuals, lending programs for small business development, and economic revitalization initiatives.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/2013 to 12/31/2015 Investment and Service Tests and CD Loans: 1/4/2013 to 6/30/2016	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Cooperative Bank, N.A. Hillsboro, OH	Home Mortgage, Small Business, and Community Development Loans Retail and Community Development Services Qualified Investments	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Assessment Area</b>
Clinton and Highland Counties Brown County	Full-scope  Limited-scope	Clinton and Highland Counties in their entirety  Brown County in its entirety

## Appendix B: Market Profiles for Full-Scope Areas

### Clinton-Highland AA

Demographic Information for Full-Scope Area: Clinton -Highland						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	18	0.00	22.22	72.22	5.56	0.00
Population by Geography	85,629	0.00	18.93	75.13	5.94	0.00
Owner-Occupied Housing by Geography	23,731	0.00	18.76	74.39	6.84	0.00
Businesses by Geography	4,458	0.00	23.24	69.07	7.69	0.00
Farms by Geography	675	0.00	8.00	78.81	13.19	0.00
Family Distribution by Income Level	23,558	22.01	16.73	22.18	39.07	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	9,128	0.00	24.31	71.82	3.87	0.00
Median Family Income	= \$52,111					
HUD Adjusted Median Family Income for 2015	= \$53,000					
Households Below the Poverty Level	=15%					
				Median Housing Value	= \$115,680	
				2010 Unemployment Rate	= 5.57%	

(\*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2015 HUD updated MFI.

The Clinton-Highland AA consists of two contiguous non-metropolitan statistical areas located in Southwestern Ohio. The assessment area meets the requirements of the CRA regulation and does not arbitrarily exclude LMI geographies.

According to June 30, 2015 FDIC deposit information; NCB had \$1.6 billion in total deposits in the AA, representing 98 percent of total deposits. For FDIC reporting purposes, the Bank's nationwide deposits are assigned the Bank's branch office in Hillsboro located in Highland County. Based upon internal bank data, approximately \$87 million of the total \$1.5 billion deposits are locally sourced deposits from Highland and Clinton Counties. The remainder of deposits, almost \$1.5 billion, comes from the Bank's deposits gathered from across the country.

There is strong competition to provide financial services within the Bank's AA. According to the June 2015 FDIC Deposit Market Share Report, NCB ranked 2<sup>nd</sup> of 16 depository financial institutions, with a 58.33 percent market share. When the Bank's nationwide deposits are excluded from the Clinton-Highland AA deposits, NCB ranked 5<sup>th</sup> with a 7.07 percent market share among 16 financial institutions. There are 15 other FDIC-insured financial institutions with 33 branch offices in the AA. NCB operates three full service branches in the AA. Other

larger depository financial institutions include Fifth Third Bank, The Nation Bank and Trust Company, US Bank N.A., and Wells Fargo N.A..

### Employment and Economic Factors

Major employers in Highland County include the Candle Lite Co., Huhtamaki-Plastics Consumer Products Manufactures, Weastec-Vehicle Electron Components, and Greenfield Research-Formed Wire and Automotive Insulator Parts. The major core employment sectors in Clinton County include aviation, agriculture, manufacturing, and healthcare.

The Clinton and Highland Counties have not fully recovered from the economic recession. According to information derived from United States Bureau of Labor Statistics, average unemployment rates for Clinton County in 2013, 2014, and 2015 were 10.5 percent, 7.7 percent, and 6.1 percent, respectively. As of July 2016, the unemployment rate in Clinton County is 5.7 percent. The average unemployment rates in Highland County were 10.5 percent, 7.7 percent, and 6.3 percent during 2013, 2014, and 2015, respectively. These rates are slightly higher than average unemployment rates in the state of Ohio. In 2013, 2014, and 2015, the average unemployment rate in the state of Ohio was 13.8 percent, 5.8 percent, and 4.8 percent, respectively.

Clinton County was significantly impacted by the 2008 economic recession. In 2009, one of the county's largest employers, a shipping hub for DHL, relocated to Kentucky. With this relocation, Clinton County lost 8,000 jobs.

### Community Contact

During this evaluation, the OCC interviewed one community contact, a social service organization serving Highland and Clinton AAs. This contact stated that current needs in the area include more affordable housing. In addition, the contact stated that the local economy has improved in recent years, but has not yet fully recovered. The local area is still feeling the impact from the closure of several local companies and businesses.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE. [Note: Do not renumber the tables.]

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage

distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the

table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12 (i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. Refer to the CRA section of the Compliance Policy intranet page for guidance on table placement.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME												
Geography: OHIO AA												
Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015												
Assessment Area (2013):	% of Rated Area Loans (#) in MA/AA <sup>*</sup>	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans <sup>**</sup>		Total Reported Loans		% of Rated Area Deposits in MA/AA <sup>***</sup>
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
Clinton and Highland Counties	88.51	100	8,994	24	1,626	42	3,180	1	500	167	14,300	98.70
<b>Limited Review:</b>												
Brown County	11.49	13	1,298	1	50	14	1,620	1	4,000	29	6,968	1.30

<sup>\*</sup> Loan Data as of December 31, 2015. Rated area refers to either state or multi-state MA rating area.

<sup>\*\*</sup> The evaluation period for Community Development Loans is from January 01, 2013 to December 31, 2015.

<sup>\*\*\*</sup> Deposit Data as of August 19, 2016. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.



Table 2a. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		Geography: OHIO AA					Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans <sup>****</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Clinton and Highland Counties	27	90.00	0.00	0.00	18.76	40.74	74.39	59.26	6.84	0.00	0.00	12.42	78.96	8.62
<b>Limited Review:</b>														
Brown County	3	10.00	0.00	0.00	24.28	0.00	75.72	100.00	0.00	0.00	0.00	17.92	82.08	0.00

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

<sup>\*\*\*\*</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3a. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT														Geography: OHIO AA		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015								
Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*													
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp										
<b>Full Review:</b>																								
Clinton and Highland Counties	1	100.00	0.00	0.00	18.76	0.00	74.39	100.00	6.84	0.00	0.00	10.67	76.00	13.33										
<b>Limited Review:</b>																								
Brown County	0	0.00	0.00	0.00	24.28	0.00	75.72	0.00	0.00	0.00	0.00	22.41	77.59	0.00										

\* Based on 2014 Peer Mortgage Data -- US and PR

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4a. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE														Geography: OHIO AA		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015			
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate HMDA Lending (%) by Tract Income*								
	#	% of Total**	% Owner Occ Units***	% BANK Loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Low	Mod	Mid	Upp					
<b>Full Review:</b>																			
Clinton and Highland Counties	72	87.80	0.00	0.00	18.76	40.28	74.39	58.33	6.84	1.39	0.00	11.11	77.78	11.11					
<b>Limited Review:</b>																			
Brown County	10	12.20	0.00	0.00	24.28	0.00	75.72	100.00	0.00	0.00	0.00	17.31	82.69	0.00					

\* Based on 2014 Peer Mortgage Data -- US and PR

\*\* Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2010 Census information.

\*\*\*\* Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 6a. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES														Geography: OHIO AA		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015										
Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income*															
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses**	% BANK Loans	Low	Mod	Mid	Upp												
<b>Full Review:</b>																										
Clinton and Highland Counties	24	96.00	0.00	0.00	23.24	16.67	69.07	62.50	7.69	0.00	0.00	19.59	69.25	11.16												
<b>Limited Review:</b>																										
Brown County	1	4.00	0.00	0.00	31.41	0.00	68.59	100.00	0.00	0.00	0.00	19.77	80.23	0.00												

\* Based on 2014 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2015).

Table 7a. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS														Geography: OHIO AA		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Aggregate Lending (%) by Tract Income <sup>*</sup>												
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	% of Farms <sup>**</sup>	% BANK Loans	Low	Mod	Mid	Upp									
<b>Full Review:</b>																							
Clinton and Highland Counties	42	75.00	0.00	0.00	8.00	0.00	78.81	59.52	13.19	40.48	0.00	5.94	74.26	19.80									
<b>Limited Review:</b>																							
Brown County	14	25.00	0.00	0.00	24.31	14.29	75.69	85.71	0.00	0.00	0.00	7.50	92.50	0.00									

<sup>\*</sup> Based on 2014 Peer Small Business Data -- US and PR

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2015).

Table 8a. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE		Geography: OHIO AA					Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>1</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Clinton and Highland Counties	27	90.00	22.01	22.22	16.73	22.22	22.18	25.93	39.07	29.63	10.68	31.02	23.95	34.34
<b>Limited Review:</b>														
Brown County	3	10.00	26.45	66.67	23.11	0.00	27.16	0.00	23.28	33.33	24.06	31.30	21.16	23.48

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>1</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9a. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT		Geography: OHIO AA					Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>*</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>2</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Clinton and Highland Counties	1	100.00	22.01	100.00	16.73	0.00	22.18	0.00	39.07	0.00	17.57	21.62	25.68	35.14
<b>Limited Review:</b>														
Brown County	0	0.00	26.45	0.00	23.11	0.00	27.16	0.00	23.28	0.00	15.52	29.31	29.31	25.86

<sup>\*</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by BANK.

<sup>2</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10a. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: OHIO AA					Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015							
Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Aggregate Lending Data <sup>†</sup>			
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>3</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Low	Mod	Mid	Upp
<b>Full Review:</b>														
Clinton and Highland Counties	72	87.80	22.01	14.08	16.73	25.35	22.18	38.03	39.07	22.54	9.26	20.42	29.47	40.84
<b>Limited Review:</b>														
Brown County	10	12.20	26.45	20.00	23.11	10.00	27.16	40.00	23.28	30.00	16.67	28.26	26.81	28.26

<sup>†</sup> Based on 2014 Peer Mortgage Data -- US and PR

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Families is based on the 2010 Census information.

<sup>\*\*\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.2% of loans originated and purchased by BANK.

<sup>3</sup> Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)



Table 11a. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
Geography: OHIO AA					Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Aggregate Lending Data*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Clinton and Highland Counties	24	96.00	78.17	100.00	79.17	12.50	8.33	757	342
<b>Limited Review:</b>									
Brown County	1	4.00	80.83	100.00	100.00	0.00	0.00	354	157

\* Based on 2014 Peer Small Business Data -- US and PR

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2015).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 0.00% of small loans to businesses originated and purchased by the bank.

Table 12a. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS		Geography: OHIO AA			Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015				
Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Aggregate Lending Data*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$500,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Clinton and Highland Counties	42	75.00	99.56	100.00	57.14	21.43	21.43	101	36
<b>Limited Review:</b>									
Brown County	14	25.00	99.50	100.00	71.43	28.57	0.00	40	15

\* Based on 2014 Peer Small Business Data -- US and PR

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2015).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 0.00% of small loans to farms originated and purchased by the bank.

Table 14. Qualified Investments

QUALIFIED INVESTMENTS		Geography: OHIO AA		Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015					
Assessment Area:	Prior Period Investments <sup>*</sup>		Current Period Investments		Total Investments			Unfunded Commitments <sup>**</sup>	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Clinton and Highland Counties	0	0	14	299	14	299	3.09	0	0
<b>Limited Review:</b>									
Brown County	1	129	1	249	2	378	17.35	0	0
OH Statewide	2	1,500	2	2	6	1,502	69.98	0	0

<sup>\*</sup> 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

<sup>\*\*</sup> 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS																Geography: OHIO AA				Evaluation Period: JANUARY 1, 2013 TO DECEMBER 31, 2015			
Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population									
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography									
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp						
<b>Full Review:</b>																							
Clinton and Highland Counties	98.70	3	75.00	0.00	33.33	66.67	0.00	0	0	0	0	0	0	0.00	18.93	75.13	5.94						
<b>Limited Review:</b>																							
Brown County	1.30	1	25.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	25.96	74.04	0.00						



