



PUBLIC DISCLOSURE

September 06, 2022

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

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. (NCB, the bank, or institution) 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 Lending Test rating is based on the bank’s performance in the state of Ohio as well as markets outside the bank’s assessment area (AA). The overall rating considered the good distribution of loans to borrowers of different income levels, good geographic distribution, and lending activity that reflects good responsiveness. The bank’s performance in community development (CD) lending had a positive impact on the Lending Test rating.
- The Investment Test rating is based on the bank’s performance in the state of Ohio. The bank has an adequate level of qualified investments in the AA when considering the limited opportunities in the AA and its strategic focus on serving the banking and lending needs of its cooperative entity customers located across the United States (US). The bank has a good level of investments in the broader statewide or regional area (BSRA). CD investments made in the BSRA had a positive impact on the bank’s CD investment performance.
- The Service Test rating is based on the bank’s performance in the state of Ohio. The bank’s retail services are readily accessible to geographies and individuals of different income levels. The bank provided a good level of CD services.

Product Innovation and Flexibility

NCB’s use of flexible lending products has a positive impact on lending test performance

in the state of Ohio. These flexible loan programs help provide affordable housing for low- and moderate-income (LMI) individuals and economic development for small businesses. While the products are not innovative, they do offer flexibility for borrowers who do not qualify for, or would have difficulty obtaining, traditional financing.

The following highlights the flexible loan programs offered by the bank:

- ***Fannie Mae Home Ready Mortgage Program (HomeReady)***: This program is geared towards first-time or repeat homebuyers who have limited funds available for their down payments. Closing costs are paid by Fannie Mae and down payments can come from community service groups. Borrower income must be below 80 percent of the area median income (AMI), with some exceptions based on the property's location. For first-time home buyers, at least one borrower is required to take a homeownership class. During the review period, the bank extended 12 loans through this program totaling \$2.7 million.
- ***Closing Cost Assistance Program***: The bank continued to offer a closing cost special program, which provides a \$1,000 lender credit for a purchase, and a \$500 lender credit to refinance a mortgage loan in the AA. The lender credit reduces closing costs on all new purchases and refinances. During the evaluation period, the bank originated 115 mortgage loans totaling nearly \$12.8 million and provided \$68,085 lender credits under this program.
- ***NCB Grant Program***: NCB continued to offer its home buyers a grant program targeted at LMI borrowers in the AA. Under this program, the bank provides forgivable grants to LMI homebuyers of up to \$5,000 for down payment or closing costs. During the review period, the bank originated three loans totaling \$202,963 under this program.
- ***SBA Administration's Paycheck Protection Program (PPP)***: In response to small businesses adversely affected by the COVID-19 pandemic, the bank participated in the PPP that was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The bank originated 43 PPP loans totaling \$675,244 to small businesses located in the AA. The proceeds saved 134 jobs in the AA. Additionally, the bank originated 219 PPP loans totaling \$31.7 million that benefited the BSRA. These loans contributed to the retention of approximately 2,359 jobs. A portion of these loans also received credit as qualified CD loans in the "Community Development Lending" section.

Lending in Assessment Area

A very small percentage of the bank's loans are in in its AA.

The bank originated and purchased 3.5 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria.

Table D - Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total	Dollar Amount of Loans \$(000s)				Total
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	20	2.3	843	97.7	863	2,139	0.2	912,463	99.8	914,602
2020	56	4.4	1,219	95.6	1,275	6,881	0.7	1,042,397	99.3	1,049,278
2021	31	2.6	1,175	97.4	1,206	3,449	0.3	1,192,904	99.7	1,196,353
Subtotal	107	3.2	3,237	96.8	3,344	12,468	0.4	3,147,764	99.6	3,160,233
Small Business										
2019	1	7.7	12	92.3	13	83	1.3	6,158	98.7	6,241
2020	0	0.0	126	100.0	126	0	0.0	23,619	100.0	23,619
2021	21	8.0	242	92.0	263	238	0.9	27,667	99.1	27,905
Subtotal	22	5.5	380	94.5	402	321	0.6	57,444	99.4	57,765
Small Farm										
2019	3	75.0	1	25.0	4	219	75.3	72	24.7	291
Subtotal	3	75.0	1	25.0	4	219	75.3	72	24.7	291
Total	132	3.5	3,618	96.5	3,750	13,008	0.4	3,205,280	99.6	3,218,289
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

The bank’s lending performance is considered adequate after performance context considerations. The bank operates under a unique business model with a limited physical presence, operating only one branch in Highland County, Ohio. The bank’s primary business strategy is to provide banking products and services to cooperatives and employee-owned businesses across the US.

NCB originates “share” loans to buyers of housing cooperatives (co-ops) in the national market. Shares of stock and leaseholds secure NCB’s residential cooperative lending. Housing cooperatives are more common in larger metropolitan cities such as New York, Chicago, Los Angeles, and Washington DC. With this business strategy, a sizable portion of NCB’s loan production and deposit base is related to its national cooperative lending market; consequently, a very high percentage of both deposits and lending are outside of its AA.

According to FDIC Summary of Deposit information as of June 30, 2021, the bank’s total deposits equaled \$2.6 billion. For FDIC reporting purposes, the bank’s nationwide deposits are assigned to NCB’s branch office in Hillsboro. In contrast, according to internal bank information, \$107.6 million of

NCB's total deposits (4.2 percent) were from customers inside the AA. The percentage of loans originated within the bank's AA is consistent with the percentage of locally derived deposits to total deposits.

Description of Institution

National Cooperative Bank, N.A is an intrastate national bank headquartered in Hillsboro, Ohio. The bank is the wholly owned and principle operating subsidiary of the National Consumer Cooperative Bank (NCCB). NCCB is a special purpose financial institution created by an act of Congress to promote wealth accumulation and distribution in underserved communities by advancing the cooperative form of home ownership and business development. In 1981, NCCB privatized as a cooperatively owned financial institution and is currently owned by 3,700 customer-owners located across the country. Because of the charter mission of NCCB, there is a significant focus on low- and moderate-income (LMI) communities, though most of the communities are located outside of the AA.

NCB's core customers represent a broad spectrum of cooperatives in various industry sectors. These include consumer-owned and independently-owned grocery stores, small business-purchasing cooperatives, worker-owned cooperatives, housing cooperatives, condominiums, homeowners' associations, business-purchasing cooperatives in various industry sectors, and member-owned credit unions. Other customers share in the spirit of cooperation, driven by democratic organizing principles. They include such groups as Native American enterprises, credit unions, not-for-profits, socially responsible organizations, renewable energy, and educational and social service organizations.

The bank conducts its retail banking operations through one branch office and two cash dispensing automated teller machines (ATMs) in in the city of Hillsboro, Ohio, located in Highland County. Highland County is in a non-metropolitan statistical area (MSA) (non-MSA AA) with nine census tracts. The county is rural in nature with substantial land area dedicated to agricultural and green space. The AA meets the requirements of the regulation and does not arbitrarily exclude LMI geographies.

The bank offers a wide range of commercial and consumer banking products and related financial services through its mobile application and its website <https://www.ncb.coop>. To serve its cooperative customers, the bank has administrative offices in the cities of Arlington, VA, Anchorage, AK, and New York, NY. The bank's business strategy focuses on the following four activities: multi-family and commercial real estate lending, commercial banking, cooperative and community development, and retail banking. Housing cooperatives are primarily concentrated in larger metropolitan areas such as New York City, Chicago, Los Angeles, and Washington DC.

As of December 31, 2021, NCB reported total assets of \$3.2 billion, total deposits of \$2.7 billion, tier 1 capital of \$370.3 million, and net loans and leases of \$2.2 billion. The loan portfolio consisted of approximately 70.2 percent residential real estate mortgages, 26.9 percent commercial loans, and 2.8 percent individual loans. Other loans and leases account for less than one percent of the total loan portfolio. Of the bank's total deposits, \$109.6 million or 4.1 percent are derived from the Ohio brick and mortar footprint, with \$2.6 billion or 95.9 percent from the bank's national customer base.

There are no known legal, financial, or other factors impeding NCB's ability to help meet the credit needs of its AA. The Bank received a Satisfactory rating in its previous CRA evaluation dated August 12, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed the bank's CRA performance under the Large Bank Lending Test, Investment Test, and Services Test. The evaluation period spanned from January 1, 2019, to December 31, 2021. In evaluating the bank's lending performance, the OCC reviewed home mortgage loans reported under the Home Mortgage Disclosure Act (HMDA). The OCC also evaluated CRA qualified investments and CD services. The bank did not originate or purchase a sufficient volume of small business and small farm loans in the AA to perform a meaningful analysis. Consumer loans were not considered in this evaluation, as they did not constitute a substantial majority of the bank's lending activities. Qualifying activities performed in response to the coronavirus pandemic are included in the evaluation period and will be considered in this CRA evaluation.

Because of the charter mission of NCB, there is a significant focus on LMI communities, though most of the communities are located outside of the AA. Once the OCC determined that NCB's lending performance was reasonable in the AA, examiners considered borrower distribution of lending activities outside the AA in accordance with the guidance contained in the CRA Interagency Questions and Answers (Q&As).

CD activities that benefited geographies or individuals located somewhere within the BSRA that included the bank's AA, received consideration. The BSRA consisted of the Great Lakes Region and the Northeast Region of the US. The Great Lakes region included the following states: Ohio, Pennsylvania, New York, Michigan, Minnesota, Illinois, Indiana, and Wisconsin. The Northeast Region included the following states: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont, Virgin Islands, Virginia, and West Virginia.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating section for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

NCB's overall rating is based upon the bank's performance in the full scope AA of Highland County, Ohio. NCB is a non-traditional bank that gathers deposits and offers loans across the US. Consequently, the ratings are based on the bank's performance in the Highland County, Ohio non-MSA AA as well as performance in areas outside the AA where the bank originated or purchased a substantial portion of its loans. OCC selected five states (California, New York, District of Columbia, Washington State, and Michigan) as a representative sample of the bank's entire marketplace.

Refer to the "Scope" section under the State Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) in determining a national bank's or federal savings association's (collectively, bank) 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. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to, the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Ohio

CRA rating for the State of Ohio: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending activity that reflects good responsiveness to credit needs in the AA;
- A good geographic distribution of loans within its AA;
- A good distribution of loans among individuals of different income levels;
- A relatively high level of CD loans in the BSRA;
- A significant level of qualified CD investments and grants; and
- A relatively high level of CD services.

Description of Institution's Operations in Ohio

The bank offers retail banking services and loan products through its main office in Highland County, a rural county in Southwestern Ohio. Highland County is a non-MSA with nine census tracts. The bank has one branch office and two cash dispensing ATMs in the AA. As noted in the "Description of the Institution" section, the majority of NCB's operations focus on serving the banking and lending needs of its nationwide cooperative entity customers.

The bank gathers a substantial majority of its deposits from its cooperative customers outside the AA. For FDIC reporting purposes, the bank's nationwide deposits are assigned to the bank's branch office in Hillsboro, Ohio. Based upon internal bank data as of June 30, 2021, 4.1 percent (\$107.6 million) of total deposits are local deposits derived from customers in Highland County. In contrast, 95.9 percent (\$2.6 billion) of total deposits are derived from customers outside the AA. As of June 30, 2021, there were nine depository institutions with 17 branch offices serving Highland County. Considering the total deposits from Highland County, NCB's market share of deposits would be approximately 12 percent of total deposits, ranking the bank 3rd in total deposits in Highland County. The Merchants National Bank and Fifth Third Bank ranked 1st and 2nd in total deposits with market shares of 41 percent and 22.6 percent, respectively. In comparison to the percentage of deposits and branching network, the bank originated and purchased \$3.5 million in loans, or 1.9 percent of bank's total loan originations and purchases, in the AA. The bank's business model and its emphasis on cooperative lending was a significant performance context factor that can partially explain the HMDA market share figures.

According to the most recent 2021 Peer Mortgage Data, there were 166 HMDA reporters who originated or purchased \$265.5 billion home mortgage loans within the bank's AA. NCB ranked 11th with a 1.9

percent market share. The five most prominent financial institutions accounted for 36.6 percent of the total market share.

Demographic Data

Based on information in the table below, low-income families make less than \$32,350 and moderate-income families make less than \$51,760. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant’s income. This calculates to a maximum monthly mortgage payment of \$809 for low-income borrowers and \$1,294 for moderate-income borrowers. The maximum low-income and maximum moderate-income annual income calculations are based on 50 percent and 80 percent of the 2021 FFIEC adjusted median family income in the non-MSA. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner’s insurance, real estate taxes, or additional monthly expenses, the monthly mortgage payment for home at the MSA median housing value would be \$910. Therefore, low-income borrowers would be challenged to afford a mortgage loan at the median sales price in the state rating area.

The following table depicts demographic information for the bank’s AA:

Ohio non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: National Cooperative Bank AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	9	0.0	44.4	55.6	0.0	0.0
Population by Geography	43,170	0.0	38.0	62.0	0.0	0.0
Housing Units by Geography	19,256	0.0	38.1	61.9	0.0	0.0
Owner-Occupied Units by Geography	11,785	0.0	32.2	67.8	0.0	0.0
Occupied Rental Units by Geography	4,911	0.0	56.1	43.9	0.0	0.0
Vacant Units by Geography	2,560	0.0	30.9	69.1	0.0	0.0
Businesses by Geography	2,013	0.0	49.7	50.3	0.0	0.0
Farms by Geography	235	0.0	17.0	83.0	0.0	0.0
Family Distribution by Income Level	11,239	27.4	19.2	20.9	32.6	0.0
Household Distribution by Income Level	16,696	27.7	18.2	18.5	35.6	0.0
Median Family Income non-MSAs - OH		\$55,785	Median Housing Value			\$101,866
			Median Gross Rent			\$647
			Families Below Poverty Level			16.0%

*Source: 2015 ACS and 2021 D&B Data
Due to rounding, totals may not equal 100.0%
(*) The NA category consists of geographies that have not been assigned an income classification.*

Community Contact

Examiners reviewed a recent community contact with a community service organization that serves Highland County. The contact noted that needs and opportunities in the community include generational poverty, with many of their clients lacking basic services. The contact described the community's need for mental health and substance abuse treatment, financial literacy, and childcare services. The contact also anticipated that when pandemic related assistance for utility and housing ends, there will be an elevated need for affordable housing and utility assistance. Considering the ongoing COVID-19 pandemic, demographic and economic data, the OCC determined that small business lending was also a significant credit need.

Economic Data

Based on data from the October 2021 Moody's Analytics report, Ohio's recovery remained intact, but the state was still trailing the Midwest and the nation. Payroll employment was up 2.2 percent over the year, underperforming the regional and national labor markets by about 0.5 percentage point and 2 percentage points, respectively. The share of industries contributing to the labor market recovery had also narrowed with the Moody's Analytics Diffusion Index shrinking well below its neutral 50 percent threshold in recent months. Nonetheless, top-line job growth had been propelled higher by gains in professional/business services, the public sector, and consumer industries despite losses in financial services, education, and manufacturing. The labor force had also rebounded as previously discouraged workers come back into the market and the unemployment rate had held steady at 5.4 percent. Moody's predicted that Ohio's recovery will firm up in 2022 as the pandemic eases, supply-chain shortages subside, and households regain confidence. Healthcare, white-collar services, and the factory sector will be the key drivers of near-term growth. Over the long term, Ohio will trail the nation in job growth because of subpar demographics. Major employers in Highland County included Candle-lite-Candle Manufacturer, Johnson Controls, Weastec-Vehicle Electronic Components, Greenfield Research-Formed Wire and Automotive Insulator Parts and PAS Technologies.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the Highland County demonstrated a decreasing trend from 6.9 percent in 2019 to 4.5 percent in 2021. However, amidst the COVID-19 pandemic, which forced businesses to close, the unemployment rate drastically increased to 17.7 percent, in April 2020. As of December 2021, the State of Ohio unemployment rate was similar to the Highland County at 4.5 percent. The national unemployment rate was 3.9 percent as of the same date.

Scope of Evaluation in Ohio

The OCC performed a full-scope review of NCB's primary AA, the Highland County non-MSA. The OCC also assessed the bank's borrower distribution performance in the markets outside of the AA that represented a sample of the bank's entire marketplace. The OCC selected the areas having the highest number of loans throughout the US.

Conclusions in Respect to Performance Tests in Ohio

Lending Test

The bank's performance under the Lending Test in Ohio is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Ohio non-MSA AA is good.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Ohio non-MSA AA	107	22	3	3	135	100	100
Statewide/Regional/National:							
BSRA/National	0	0	0	17	17	0	0
TOTAL	107	22	3	20	152	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State*	%State Deposits
Ohio non-MSA AA	12,468	321	219	1,500	14,508	100	100
Statewide/Regional/National:							
BSRA/National	0	0	0	60,262	60,262	0	0
TOTAL	12,468	321	219	61,762	74,770	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Based on the June 30, 2021, Deposit Market Share Report, NCB ranked 1st with a market share of 76.7 percent among nine depository institutions in the AA. As previously discussed, for reporting purposes the FDIC assigns NCB's nationwide deposits to Highland County. Only 4.2 percent of NCB's deposits were derived from customers in Highland County. Excluding the nationwide deposits, NCB's ranked 3rd with a market share of 4.5 percent placing the bank in the 33rd percentile.

Based on 2021 Peer Mortgage Data, the bank ranked 11th out of 166 mortgage lenders with a market share of 1.9 percent, placing the bank in the 7th percentile of all mortgage lenders in the AA. The top three lenders in the market included Fifth Third Bank N.A. with 12.5 percent market share, Merchants National Bank with 9.8 percent market share, and Rocket Mortgage with 5.4 percent market share. The bank's home mortgage market share rank significantly exceeded its percentile based upon its deposit market share and reflected strong home mortgage lending performance against significant competition in the AA.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Ohio section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The AA does not include any low-income geographies. The percentage of home mortgage loans in moderate-income geographies was slightly below the aggregate distribution of home mortgage loans and was near to the percentage of owner-occupied housing units in moderate-income geographies.

Lending Gap Analysis

The OCC reviewed summary lending reports and analyzed the bank's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The OCC 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 LMI areas.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Ohio section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families and was slightly below the aggregate lending in the AA. The percentage of home mortgage loans to moderate-income borrowers was near to the percentage of moderate-income families and was slightly below the aggregate lending in the AA.

The following performance context factors were considered in evaluating the bank's performance: as discussed in the "Demographic Data" section of this Performance Evaluation, the median home sale prices would have been financially difficult for low-income individuals to manage. The OCC also considered the percentage of families that live below the poverty level, and barriers this creates for these families to qualify for home mortgage financing and their financial capacity to own a home. Based on 2015 ACS data, the percentage of families living below the poverty level in the AA was 16 percent. Furthermore, this performance is reasonably explained by the bank's business model with a focus on cooperative lending. Approximately, 12.1 percent of mortgage loans were to entities for multifamily cooperative properties where borrower income was reported as "NA". The bank is not required to report income information on multifamily housing loans for HMDA data purposes.

Distribution of Loans by Income Level of the Borrower Outside the bank's AA

After determining NCB's level of lending within the AA was good, the OCC evaluated borrower income distribution of loans originated or purchased outside the bank's AA. In accordance with the CRA Questions & Answers (Q&As), the OCC evaluated NCB's lending by state and compared the level of bank lending to statewide demographic comparators within each respective state. For this analysis, the OCC focused the review on five of NCB's largest residential markets: California, New York, District of Columbia, Washington State, and Michigan as a representative sample of the bank's entire marketplace.

Overall, lending performance in the markets outside the bank's AA is good, with excellent performance in the state of Michigan, good performance in the states of California and Washington, and adequate performance in the District of Columbia. Lending performance in these states had a positive impact on the bank's overall lending performance. In the state of New York, during the evaluation period, the bank originated or purchased approximately 67.3 percent of HMDA-reportable loans to commercial entities that are not natural persons. The bank was not required to report income information on these loans for HMDA data purposes. Considering the high percentage of total loans without borrower income within the state of New York, the analysis of borrower income distribution was not meaningful.

Refer to Table P in the "Markets Outside the AA" section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

California

The distribution of home mortgage loans among individuals of different income levels is good.

The percentage of home mortgage loans to low-income borrowers was well below the distribution of low-income families. The percentage of home mortgage loans to moderate-income borrowers significantly exceeded the distribution of moderate-income families.

District of Columbia

The distribution of home mortgage loans among individuals of different income levels is adequate.

The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families.

Washington State

The distribution of home mortgage loans among individuals of different income levels is good.

The percentage of home mortgage loans to low-income borrowers was well below the percentage of low-income families. The percentage of home mortgage loans to moderate-income borrowers significantly exceeded the percentage of moderate-income families.

Michigan

The distribution of home mortgage loans among individuals of different income levels is excellent.

The percentage of home mortgage loans to low-income borrowers significantly exceeded the percentage of low-income families. The percentage of home mortgage loans to moderate-income borrowers exceeded the percentage of moderate-income families.

Community Development Lending

The institution has made a relatively high level of CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables identify all CD loans, including multifamily loans, which also qualify as CD loans.

Although NCB's level of CD lending was low in the AA, the bank's CD lending in the BSRA positively impacted the bank's lending test performance. Of the total CD loans made, three loans totaling \$1.5 million directly benefitted the bank's AA. The rural nature of the AA and economic conditions impacted CD lending opportunities.

During the evaluation period, NCB originated 17 CD loans totaling \$60.3 million in the BSRA. These CD loans provided financing for affordable housing, economic development initiatives and social services benefiting LMI individuals within the BSRA. The bank's lending in the AA and the BSRA represented 16.7 percent of the bank's tier 1 capital.

Examples of CD loans included the following:

- Renewal of a \$500,000 loan each year (three times) to a national organization that provides safe and secure living environments for LMI seniors through the provision and administration of a nationally acclaimed crime stoppers program. The loan supports the operations of the Senior Crimestoppers Program for LMI individuals residing in a senior housing facility in Highland County in the state of Ohio.
- Two loans totaling \$12.6 million to refinance an existing debt to a CD agency in the state of Ohio that provides affordable rental and cooperative homeownership opportunities to families with moderate and middle incomes.
- One loan totaling \$8 million to a not-for-profit organization to redevelop a healthcare facility through the New Markets Tax Credit program.
- Seven loans totaling \$8.8 million through the SBA Paycheck Protection Program. These loans provided payroll protection and job retention for 719 jobs in the BSRA.
- Three commercial loans totaling \$11.2 million for the acquisition of 17 Save-A Lot stores in Philadelphia, which supported job retention for LMI persons and stabilized LMI geographies.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. All flexible loan programs are bank-wide. Refer to the “Description of the Institution” section for additional details regarding bank-wide consumer and small business lending programs.

Investment Test

The bank’s performance under the Investment Test in Ohio is rated High Satisfactory.

Based on a full-scope review, the bank’s performance in the Ohio non-MSA AA is good.

The institution has a significant level of qualified CD investments and grants, occasionally in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits good responsiveness to credit and community economic development needs. The institution occasionally uses innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
NCB AA	0	0	60	193	60	36.1	193	1.3	0	0
BSRA	6	6,747	95	7,152	101	60.8	13,899	92.0	0	0
Nationwide	3	745	2	274	5	3.0	1,019	6.7	0	0
Total	9	7,492	157	7,619	166	100	15,111	100	0	0

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

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

Investment performance is good when considering the limited opportunities in the AA and the bank’s strategic focus on serving the banking and lending needs of its cooperative entity customers located across the US. The OCC considered activities within the bank’s AA and activities that impacted the BSRA, which is inclusive of the AA.

NCB maintained 166 qualified investments/donations totaling \$7.6 million that benefitted borrowers and markets inside its AA and the BSRA. Of the total qualified investments 1.3 percent were invested directly within the bank’s AA. CD investments made in the BSRA had a positive impact on the bank’s CD investment performance. Total qualified investments made in the AA and BSRA accounted for 4.1 percent of tier 1 capital as of December 31, 2021.

The bank’s qualified investments during the evaluation period consisted of 60 donations totaling \$192,925 to 30 different organizations. These donations primarily supported community services to LMI individuals and, to a lesser extent, affordable housing and revitalization/stabilization.

Examples of CD investments and donations included:

- A \$5.9 million prior period New Markets Tax Credits (NMTC) investment in a severely distressed census tract. NMTC is both innovative and complex investments, designed to promote community development and economic growth in distressed communities.
- Four investments in certificates of deposit with minority-owned depository institutions (MDIs) totaling \$994,432.
- A \$5 million donation or grant to a national nonprofit community development loan fund that provides financing and technical assistance to cooperative businesses and other community-based organizations. The fund focuses on servicing under-resourced areas and businesses owned by women or minorities.

SERVICE TEST

The institution’s performance under the Service Test is rated High Satisfactory.

Based on a full-scope review, the institution’s performance in the Ohio non-MSA AA is good.

Retail Banking Services

Service delivery systems are readily accessible to geographies and individuals of different income levels in the institution’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Ohio non-MSA AA	100	1	100	0.0	100	0.0	0.0	0.0	38.0	62.0	0.0

NCB operates one full-service branch and two ATMs, located in a moderate-income geography in the Ohio non-MSA AA. The ATMs are cash dispensing only and do not accept deposits. There were no low-income geographies in the AA. The distribution of branches in moderate-income geographies exceeded the percentage of the population living in those geographies.

The bank provides banking services through a number of alternative delivery systems (ADS) including telephone banking, online banking, mobile banking, and remote check deposit services. The bank also offers free check cashing services for government issued checks to customers and non-customers.

The OCC did not place significant weight on alternative delivery systems as the bank did not maintain or provide metrics to determine their effectiveness in helping meet the needs of LMI individuals.

The bank did not open or close any branches during the evaluation period.

Services and business hours do not vary in a way that inconveniences, the various portions of its AA, particularly LMI geographies and/or individuals. On Mondays through Thursdays, the bank is open from 9:00 a.m. to 5:00 p.m. On Fridays, the bank is open until 6:00 p.m. and on Saturdays the bank is open from 9:00 a.m. until 12:00 p.m. In addition to the branch hours, the bank operates extended hours through a drive-through window at its main office, which opens at 8:30 a.m. Monday through Saturday.

Community Development Services

The institution provides a relatively high level of CD services.

During the evaluation period, bank employees provided approximately 539 service hours or served on board of directors and committees through participation of 15 different CD eligible organizations. Of the total CD services 481 service hours were provided directly within the bank's AA and approximately 58 service hours were performed in the broader statewide area. These activities were consistent with the bank's lending focus and credit needs of the AA.

Examples of NCB's CD services included:

- Three employees conducted 22 service hours for the Teach Children to Save program, a national campaign sponsored by the ABA. The program was primarily offered in schools where a majority of students qualified for the National School Lunch Program (NSLP).
- One employee served on the Board of Directors for an organization whose mission is to assist low income families with safe and affordable housing opportunities.

Appendix A: Scope of Examination

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 MSAs and non-MSAs 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”.

Time Period Reviewed:	January 1, 2019 – December 31, 2021	
Bank Products Reviewed:	Home mortgage loans CD loans, qualified investments, CD services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None	NA	NA
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
None	NA	NA
State		
Ohio	Full-scope	Highland County

Appendix B: Summary of MMSA and State Ratings

RATINGS (National Cooperative Bank, N.A.)				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
NCB, N.A.	High Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory
MMSA or State:				
Ohio	High Satisfactory	High Satisfactory	High Satisfactory	High Satisfactory

()The Lending Test is weighted more heavily than the Investment and Service Tests in the overall rating.*

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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-Scope 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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-Scope 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income

determined by the Federal Financial Institutions Examination Council (FFIEC) 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, and half below, a range of incomes.

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

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

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of 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 the same as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - 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 aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - 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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																				2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts			
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	
NCB AA	107	12,468	100.0	1,599	0.0	0.0	0.0	32.2	30.8	33.8	67.8	69.2	66.2	0.0	0.0	0.0	0.0	0.0	0.0	
Total	107	12,468	100.0	1,599	0.0	0.0	0.0	32.2	30.8	33.8	67.8	69.2	66.2	0.0	0.0	0.0	0.0	0.0	0.0	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																				2019-21
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
NCB AA	107	12,468	100.0	1,599	27.4	7.5	9.2	19.2	17.8	21.6	20.9	30.8	22.8	32.6	31.8	29.3	0.0	12.1	17.1	
Total	107	12,468	100.0	1,599	27.4	7.5	9.2	19.2	17.8	21.6	20.9	30.8	22.8	32.6	31.8	29.3	0.0	12.1	17.1	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data.
 Due to rounding, totals may not equal 100.0%*

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																		2019-21	
Markets Outside AA																			
	Total Home Mortgage Loans			Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers			
Assessment Area:	#	\$	% of Total	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	
California	1,309	454,486	47.1	24.0	10.3	--	16.3	26.7	--	17.8	24.4	--	41.9	37.7	--	0.0	0.8	--	
District of Columbia	174	63,610	6.2	35.7	2.9	--	14.1	21.3	--	14.1	27.0	--	36.1	46.6	--	0.0	2.3	--	
Michigan	198	26,942	7.3	22.9	35.4	--	16.7	20.2	--	19.0	15.2	--	41.4	27.8	--	0.0	1.5	--	
New York	1,000	2,365,693	35.4	26.7	0.8	--	16.2	4.9	--	17.6	9.3	--	39.5	17.7	--	0.0	67.3	--	
Washington State	142	33,695	5.9	21.3	12.0	--	17.6	33.8	--	20.7	30.3	--	40.4	21.8	--	0.0	2.1	--	
Total	2,823	2,944,425	100.0	24.6	8.3	--	16.4	18.6	--	18.0	18.9	--	41.0	29.7	--	0.0	24.5	--	

*Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data,
 Due to rounding, totals may not equal 100.0%*