PUBLIC DISCLOSURE

December 8, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Side Bank and Trust Company
RSSD# 615217

4125 Hamilton Avenue
Cincinnati, Ohio 45223

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, OH 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING: This institution is rated "Satisfactory."
The Lending Test is rated: "Satisfactory."
The Community Development Test is rated: "Satisfactory."

The major factors and criteria contributing to this rating include:

- A reasonable loan-to-deposit ratio, given the bank's size, financial condition, and assessment area credit needs.
- A substantial majority of loans are in the assessment area.
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.
- A reasonable penetration among individuals of different income (including low-and moderate-income individuals) levels and businesses of different sizes.
- There have been no complaints filed against the bank since the previous CRA examination.
- The bank's community development performance demonstrates adequate responsiveness to the community development needs of its assessment area through community development loans, investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

SCOPE OF EXAMINATION

The CRA public evaluation is based on the bank's lending, investment, and service activities from November 13, 2006 to December 5, 2008. However, the evaluation of the level of the bank's lending within its assessment area, including the distribution to borrowers of different income levels and to small businesses of different revenue sizes, is based on loans originated from January 1, 2007 to June 30, 2008. The evaluation was performed using the interagency intermediate small bank procedures. Under this examination method, the bank was evaluated by considering lending activity throughout its assessment area.

The lending test included an analysis of:

- The loan-to-deposit ratio;
- The volume of loans extended inside and outside of the bank's assessment areas;
- The geographic distribution of loans in the assessment area, including low- and moderate-income census tracts;
- The extent of lending to borrowers of different income levels, including low- and moderate-income borrowers and businesses of different sizes, including small businesses and small farms;
- The bank's record of taking action in response to written complaints about its performance in helping to meet credit needs in its assessment areas.

The loan products reviewed for this evaluation included mortgage loans and small business loans. Mortgage loans consist of Home Mortgage Disclosure Act- (HMDA) reportable home purchase, refinance, and home improvement loans made from January 1, 2007 through June 30, 2008. These loans were reviewed for the lending test because they made up a substantial percentage of the bank's loan portfolio and experienced high volume in terms of number of loans originated during the review period. HMDA loans were weighted slightly heavier in assessing the bank's performance under the lending test because residential mortgage loans accounted for approximately 50.68% of the volume loaned during this period. Small business loans accounted for 49.31% of the total volume for loans originated for this review period.

The geographic distribution of loans among various income census tracts within the bank's assessment area was evaluated using data from the 2000 U.S. Census report. Specifically, the bank's geographic distribution of HMDA loans was assessed by comparing the percentage of loans made within the bank's census tracts to the percentage of owner-occupied housing units within the respective census tracts. The geographic distribution with respect to small business lending was assessed by comparing the percentage of businesses within the various-income census tracts throughout the bank's assessment area to the bank's percentage of small business lending within these tracts.

The distribution of loans to borrowers of different income levels is based on 2006 adjusted median family income data, made available by the US Department of Housing and Urban Development (HUD). The bank's borrower income distribution with respect to mortgage loans was assessed by comparing the percentage of loans made to borrowers in each income category (low-, moderate-, middle- and upper-income) to the percentage of families in each income category.

The level of poverty is also taken into consideration in evaluating the bank's lending performance. Although poverty level is determined by income and family size, a larger proportion of poverty-level families were found in the low-income category and, to some extent, in the moderate-income category. It can be difficult for borrowers at the poverty level to qualify for loans because their income is limited. Within the bank's assessment area, 7.66% of the families are below the poverty level.

The bank's borrower distribution with respect to small business loans, including small business loans secured by real estate, was assessed by comparing the percentage of loans made to businesses in each revenue category (less than or equal to $1 million or greater than $1 million) to the percentage of total businesses in each revenue category.

A review of the bank's qualified community development loans, investments, and services were reviewed from November 13, 2006 to December 5, 2008. Specifically, this portion of the evaluation included an analysis of the following factors:

- The number and dollar amount of community development loans;
- The number and dollar amount of community development investments;
- The extent to which the bank provides community development services; and,
- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services.

DESCRIPTION OF INSTITUTION

North Side Bank and Trust Company's (North Side) main office is located in the Northside neighborhood of Cincinnati. The bank had total assets of $488.43 million as of September 30, 2008, an increase of 9.81% since the previous CRA examination in November 2006.

North Side is a full-service retail bank offering deposit accounts; consumer, real estate, and commercial loans; and trust services. The most significant loan growth by dollar amount since September 30, 2006 was commercial real estate lending, which grew by 40.40%. One-to-four family residential loans grew by 14.10% and commercial and industrial loans grew by 1.94%. Construction and land development, consumer, and multi-family (five or more) residential experienced decreases in dollar amounts since September 30, 2006. Construction and land development loans had a 38.27% decrease in lending, consumer loans had a 5.63% decrease in lending, and multi-family residential loans had a 3.79% decrease in lending.

Approximately 91.7% of the bank's income comes from interest earned on loans, which constitute approximately 71.41% of total assets. Residential real estate loans account for 56.57% of the loan portfolio. The remainder of the loan portfolio consists of commercial and consumer loans representing 40.62% and 2.70%, respectively. The following chart represents the bank's loan portfolio as of September 30, 2008.

Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	3,895	1.12
1-4 Family Residential	80,630	23.12
Multi-Family (5 or more) Residential	3,022	0.87
Commercial	109,746	31.47
Total Real Estate Loans	**197,293**	**56.57**
Commercial and Industrial	141,684	40.62
Consumer	9,433	2.70
All other Loans	455	0.13
Subtract	93	0.03
Total (gross)	**348,772**	**100.00**

North Side has seven offices with full service automated teller machines (ATMs) and an additional stand-alone cash-only ATM. The branch offices are located in the communities of Finneytown, Colerain, Blue Ash, Delhi, West Chester, and Springdale. All offices are located within Hamilton County, with the exception of the West Chester office located in Butler County, in close proximity to the borders of Hamilton, Butler and Warren Counties.

There are no legal or financial constraints preventing North Side from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy. At its previous CRA examination of November 13, 2006, the bank's CRA performance was rated "Satisfactory."

DESCRIPTION OF CINCINNATI-MIDDLETOWN, OH-KY-IN

North Side has designated its assessment area as all of Hamilton County, 22 census tracts in Butler County and four census tracts in Warren County. The entire assessment area is in the State of Ohio.

The overall assessment area is comprised of 256 tracts and is distributed as follows:

- Low-income 40
- Moderate-income 50
- Middle-income 101
- Upper-income 63
- Unknown-income 2

Since most of the tracts in the assessment area are middle-income tracts, a majority of the lending would be expected in middle-income tracts.

There are 46 financial institutions insured by the FDIC operating 448 offices within the counties of the bank's footprint.[1] Statistics as of June 30, 2008 indicate North Side rated 11th with 0.78% of the market share of deposits within the counties it serves. Warren County was not included, since there are no branches located in the county. Fifth Third Bank ranked first with 39.23% of the market share deposits with 89 offices, US Bank ranked second with 34.56% of the market share with 74 offices, while National City Bank ranked third with 5.14% market share with 45 offices.

Population

According to the 2000 U.S. Census, of the assessment area's population, 26.44% are ages 17 years and younger, not of legal age to enter into a contract. Of the remaining population, 9.11% are ages 18 to 24 years, 51.90% are ages 25 to 64, and 12.56% are ages 65 and older. Hamilton County ranks third in the state in population, with an estimated population of 822,596 as of 2006.[2] Urban areas, including residential, commercial, and industrial, comprise 41.01% of land use in the county.

Income Characteristics

Based on the 2000 U.S. Census, the median family income for the bank's assessment area is $56,844 compared with the State of Ohio's median family income of $50,037.

Additionally, there are 408,006 households and 261,238 (64.03%) are designated as families, with 19.31% low-income, 17.10% moderate-income, 21.49% middle-income, and 42.09% upper-income. Of these, 20,019 (7.66%) have incomes below the poverty level.

1 FDIC/OTS Summary of Deposits Web site: www.fdic.gov
2 Ohio Department of Development; Office of Strategic Research

Within the assessment area, 40.51% of families below poverty level reside in low-income tracts, 25.12% in moderate-income tracts, 26.09 in middle-income tracts, and 8.29% in upper-income tracts. Since most of the families in the assessment area are middle- and upper-income families, the majority of lending would be expected in these income categories.

Housing

According to the 2000 U.S. Census, there are 437,208 housing units in the assessment area, of which 58.79% of the housing units in this assessment area were owner-occupied, while 34.52% are rental units and 6.69% were vacant. The median age of the housing stock is 39 years, with 31.78% of the units built prior to 1950. With such a large proportion of older homes, many of which could be facing issues of functional obsolescence, property owners face needs relating to repairs and rehabilitation. U.S. Census data indicated that the assessment area's median housing value is $116,379.

The affordability ratio for the assessment area was 36%, with Hamilton County slightly higher at 37%. The affordability ratios in Butler and Warren Counties were 40%. Of the owner-occupied units within the assessment area, 7.87% were valued at less than $60,000, being most affordable for low- or moderate-income borrowers. Within Hamilton County, housing stock valued at less than $60,000 is slightly higher at 8.18%. Housing valued at $60,000 to less than $100,000 comprised 31.4% of the owner-occupied units within the assessment area and 35.76% in Hamilton County. Higher housing values make it difficult for low- and moderate-income individuals to find affordable housing.

The median gross rent in the assessment area was $502, with approximately one-fifth of the rental units having rents of less than $350 per month. Another 30.3% had rents of $350 to less than $500 per month. Hamilton County has the largest stock of affordable rental units, with 21.22% having rents less than $350 and 30.29% having rents of $350 to less than $500.

The 2000 U.S. Census data revealed that a majority of the housing units are in middle- and upper-income census tracts since the assessment area is comprised of a majority of middle- and upper-income geographies. As a result, a majority of the mortgage lending would be expected in middle- and upper-income census tracts.

Economy

According to the Ohio Department of Development, Office of Strategic Research, there was a 0.48% decline in average employment in Hamilton County from 2004 to 2005. As of 2005, health care/social assistance, followed by manufacturing, employed the largest number of people at 14.2% and 11.4%, respectively. Although health care/social assistance employment increased by 2.1% from 2004 to 2005, manufacturing employment decreased by 4.5% during that same time period. As with the level of employment, overall total wages also declined from 2004 to 2005 by 3.2%. Manufacturing pays the largest amount of wages at 14.6%; wages have declined from 2004 to 2005 by 3.7%. Health care/social assistance is ranked second in the payment of wages at 13.2%, with wages increasing by 5.7%. Major employers include University of Cincinnati, Kroger Company, Health Alliance of Greater Cincinnati, and The Proctor and Gamble Company.

The average employment and wages increased in Butler County from 2004 to 2005 by 2.3% and 4.8%, respectively. Manufacturing employs the greatest number of people, 14.6%, and pays the largest amount of wages, 21.2%. Although this area saw a slight increase in average employment, wages decreased by 1.8%. Federal, state, and local governments are the second largest employers at 14.4%, with average employment decreasing by 1.9% over the two-year period. Government also ranks second in wages at 15.3%; however, wages have increased by 2.2%. Leading employers include Miami University, AK Steel, Cincinnati Insurance Company, the Butler County Government, Fort Hamilton Memorial Hospital, and Middletown Regional Hospital.

In Warren County as well, manufacturing, followed by federal, state, and local governments, employ the largest number of people at 18.5% and 12.9%, respectively and pay the largest amount of wages at 23.7% and 13.5%, respectively. Overall employment and wages, as well as employment and wages within these two sectors, have increased from 2004 to 2005. Major employers include Anthem Blue Cross, Procter and Gamble Company, Financial and Credit Services Group, Middletown Regional Hospital, Cintas Corporate, and Luxotica Retail.

According to the Ohio Department of Job and Family Services,[3] unemployment rates as of October 2008 were:

- Hamilton 6.10%
- Butler 6.40%
- Warren 6.00%

The unemployment rates are below the national rate of 6.80%. Butler County was the only county that exceeded the statewide rate of 6.10%.

3 www.lmi.state.oh.us

Community Contacts

Two community contacts were conducted in conjunction with this evaluation. According to the representative with an organization in Butler County responsible for overseeing various programs that address the housing needs of the elderly and low- and moderate-income individuals, banks could help stabilize neighborhoods by assisting in foreclosure prevention and offering low-rate mortgage loans. The second contact, a representative of an economic development organization, indicated a need for small business loans and for loan officers to provide assistance to help potential business loan applicants be better prepared for the application process.

Additionally, information from three community contacts conducted in conjunction with other examinations was used for this analysis. According to the representative of an organization in Cincinnati that addresses the housing needs of low- and moderate-income individuals, there is a need for home improvement/rehabilitation loans both for homeowners and landlords. A representative of an economic development organization in Cincinnati sees an opportunity for banks to do more in the development of the Over-the-Rhine district, as well as address the financing needs to renovate vacant office buildings into mixed-use buildings. Another representative of an economic development organization noted a weakness in many bankers knowledge of alternative small business loan programs offered in conjunction with various municipal programs. He stated that bankers should educate themselves on the resources available.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Lending Test

North Side's record of meeting the credit needs of its assessment area is reasonable based on the factors in this evaluation.

Loan-to-Deposit Ratio

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the numbers of quarters.

North Side's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. The ratio has steadily increased and averaged 92.53% over the past eight quarters of operation, above the peer group average of 88.85%.[4] The increase in this ratio has resulted from an 18.3% increase in new lending, much of which has been commercial lending as opposed to only a 1.9% increase in deposit volume.

The following table shows North Side's quarterly loan-to-deposit ratios for eight quarters since the previous evaluation, along with the average loan-to-deposit ratio for the same period for the bank and the peer.

North Side Loan to Deposit Ratios				
As of Date	New Loans($000s)	Total Deposits ($000s)	Bank Ratio	Peer Ratio
September 30, 2008	344.66	346.34	99.51	91.11
June 30, 2008	343.83	349.42	98.40	90.97
March 31, 2008	321.00	344.45	93.19	89.47
December 31, 2007	312.03	331.41	94.15	89.45
September 30, 2007	303.86	333.87	91.01	88.56
June 30, 2007	303.53	335.07	90.59	87.86
March 31, 2007	296.96	339.06	87.58	86.56
December 31, 2006	291.38	339.73	85.77	86.83
Quarterly Loan-to-Deposit Ratio Average Since Previous Evaluation			**92.53**	**88.85**

4 North Side's peer group consists of all insured commercial banks having assets between $300 million and $1 billion.

Lending in the Assessment Area

The following table illustrates that the percentage of loans made inside the assessment area was approximately 83.3%. This table depicts that a substantial majority of loans, as measured by the number of loans, were originated inside the bank's assessment area. Further, a substantial majority of loans, taken as dollar amount, were also made inside the assessment area. Of the loans originated outside the assessment area, many were made in areas of Butler and Warren counties, which are contiguous to the bank's assessment area. Additionally, the bank is beginning to attract more commercial loan business from Northern Kentucky.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside the Assessment Area**				**Outside the Assessment Area**			
	# of Loans	%	$ (000s)	%	# of Loans	%	$ (000s)	%
Home Purchase - Conventional	77	81.1	6,475	70.2	18	18.9	2,750	29.8
Home Improvement	117	79.1	2,098	72.4	31	20.9	798	27.6
Refinancing	64	82.1	9,100	74.2	14	17.9	3,165	25.8
Total HMDA related	**258**	**80.4**	**17,673**	**72.5**	**63**	**19.6**	**6,713**	**27.5**
Small Business	251	86.6	52,466	87.4	39	13.4	7,535	12.6
Total Loans	**509**	**83.3**	**70,139**	**83.1**	**102**	**16.7**	**14,248**	**16.9**

Geographic Distribution of Lending

An analysis of the geographic distribution of loans was conducted to determine the dispersion of loans among different census tracts within the assessment area. North Side's loan production reflects an excellent penetration of lending among census tracts of different income levels within its assessment area.

HMDA

In analyzing the geographic distribution of mortgage loans, the percentage of owner-occupied units located within low-, moderate-, middle-, and upper-income tracts is used as a proxy to estimate the demand for residential mortgage lending within such census tracts. In this assessment area, 3.5% of owner-occupied units are located in low-income census tracts, 11.9% in moderate-income census tracts, 45.9% in middle-income census tracts, and 38.7% in upper-income census tracts.

For the period under review, the bank originated 258 mortgage loans totaling $17,673,000. Although the bank made loans in only seven of the 40 low-income tracts, slightly more than half of these tracts are not located in close proximity to any North Side office and have access to a large number of financial institutions that serve the greater Cincinnati area. Additionally, 15 of 33 tracts not penetrated by the bank have fewer than 100 owner-occupied units within the respective tracts. North Side made loans in 15 of the 50 moderate-income tracts in the assessment area. Approximately half of the moderate-income tracts in the assessment area are not located in close proximity to the bank's offices. Also, two of the tracts have less than 100 owner-occupied units.

Home Improvement

As noted by one of the community contacts and considering the age of the housing stock in the assessment area, there is a significant need for home improvement loans. Of North Side's home improvement loans, 7.7% were originated in low-income tracts and 17.10% in the moderate-income tracts, reflecting an excellent penetration compared to the percentage of owner-occupied units in low- and moderate-income geographies at 3.5% and 11.9%, respectively. According to the HMDA data, 39.30% of the loans were in middle-income tracts and 35.90% were in upper-income tracts.

Refinance

North Side's HMDA data shows that 14.1% of its loans were originated in the low-income tracts and 14.1% were in moderate-income tracts, again reflecting an excellent penetration in low- and moderate-income areas. North Side's extension of credit shows that 29.70% of its loans were originated in the middle-income tracts, significantly less than the percentage of owner-occupied units at 45.9% while 42.2% were in upper-income tracts, compared to 38.7% of units in these tracts. Although the bank's refinance lending was heaviest in upper-income tracts, the bank's overall performance is reasonable.

Home Purchase

Of the home purchase loans originated by the bank, 13% were originated in the low-income tracts and 22.1% were in moderate-income tracts, substantially higher than the percentage of owner-occupied units located in these tracts. According to the HMDA data, 46.8% of the bank's loans were originated in the middle-income tracts and 18.20% in upper-income tracts, compared to the percentage of owner-occupied units in middle- and upper-income geographies at 45.9% and 38.7%, respectively. The distribution of home purchase lending reflects an excellent penetration among tracts of different income levels.

Small Business

The geographic distribution of small business loans was analyzed to determine the dispersion of these loans among different census tracts within the assessment area. In conducting this analysis the distribution of the bank's loans is compared to the distribution of businesses among census tracts within the bank's assessment area. Within this area, there are 36,094 businesses, of which 7.7% are located in low-income census tracts, 15.5% in moderate-income tracts, 42% in middle-income tracts, 34% in upper-income tracts, and 0.8% in unknown-income tracts.

During the evaluation period, North Side originated 251 small business loans, totaling approximately $52.47 million. The bank did not make small business loans in 29 of the 40 low-income tracts; however, as noted above, less than half of the low-income tracts in assessment area are in proximity to the bank's offices. Additionally, 17 of the low-income tracts are heavily populated areas, made up largely of residential units rather than businesses. The bank did not make loans in 33 of the 50 moderate-income tracts.

As discussed above, though, approximately half of these tracts are not in close proximity to any of North Side's offices. Also, 24 of the tracts are heavily populated with over 1,000 housing units per tract and a limited amount of commercial activity. Five of the tracts are very heavily populated, with a population in excess of 5,000 per tract.

North Side extended 12.4% of its small business loans to businesses in low-income tracts, exceeding the percentage of businesses located in these tracts at 7.7%. The bank made 19.1% of these loans in moderate-income census tracts, compared to 15.5% of businesses in moderate-income tracts. Also, 42.6% of these loans were made to businesses in middle-income census tracts, which is comparable to the total of 42% of businesses in middle-income tracts. Lending in upper-income tracts at 24.3% was less than the 34% of businesses located in upper-income tracts. Also, 1.60% of these loans were made to businesses in unknown-income census tracts. The distribution of small business lending reflects an excellent geographic distribution.

Borrower Distribution of Lending

North Side's distribution of lending among borrowers of different income levels and businesses of different revenue sizes is reasonable. Home improvement, home purchase, refinancing, and small business lending data was analyzed in conjunction with the review of the demographic and economic characteristics of the assessment area to determine the extent of lending to borrowers of different incomes and to businesses of different sizes. The percentage of low- and moderate-income families in the assessment area is used as a proxy to estimate demand for mortgage lending. Small business lending is compared to the percentage of businesses with gross annual revenues of $1 million or less and the percentage with gross annual revenues in excess of $1 million. Additionally, the extent to which a bank is willing to extend loans in amounts of $250,000 or less is reviewed because smaller businesses often have a greater need for small dollar credits.

Lending to Borrowers of Different Income Levels

Of the 258 mortgage loans reviewed, seven were excluded has no income information was available. Of the 251 loans analyzed, 117 were home improvement loans, 71 home purchase loans, and 64 refinance loans. Within the assessment area, 19.3% of the families are low-income, 17.1% moderate-income, 21.5% middle-income, and 42.1% upper-income. The percentage of the families in this assessment area below poverty is 7.66%. Although poverty level is determined by both family size as well as income, a larger proportion of poverty level families are found among low-income families and, to some extent, moderate-income families. It is difficult to qualify applicants at such low income levels for any type of loan.

Home Improvement

North Side originated 17 (14.5%) of its home improvement loans to low-income families. Although lending is slightly less than the percentage of low-income families at 19.3%, considering the level of poverty and the difficulty in qualifying low-income applicants for affordable loans, this represents a reasonable level of lending.

The bank originated 21 (17.9%) of its home improvement loans to moderate-income families, slightly exceeding the percentage of moderate-income families at 17.1%. The distribution of home improvement loans to moderate-income borrowers is excellent. North Side originated 18.8% and 48.7% of its home improvement loans to middle- and upper-income borrowers, respectively, falling short of the percentage of middle-income families at 21.5%, but exceeding the percentage of upper-income families at 42.1%. Overall, the distribution of home improvement loans among borrowers of different income levels is reasonable.

Home Purchase

North Side originated 17 (22.1%) of its home purchase loans to low-income families and 18 (23.4%) loans to moderate-income. In both cases, the bank exceeded the proxies at 19.3% and 17.1%, respectively, reflecting an excellent distribution of lending. North Side originated 20.8% and 24.7% of its home purchase loans to middle- and upper-income borrowers, respectively, compared to the percentage of middle- and upper-income families at 21.50% and 42.10%, respectively.

Refinance

North Side originated only five (7.8%) of its refinance loans to low-income families, substantially less than the percentage of low-income families at 19.3%. It should be noted that North Side faces significant competition in its market and is more limited in its ability to offer lower rates and terms. However, considering the difficulties faced by many homeowners, the ability to refinance nontraditional mortgage loans into affordable products is a major need. Therefore, the distribution of refinance loans to low-income borrowers is considered poor. The bank originated 15 (23.4%) of its refinance loans to moderate-income families, more than the percentage of moderate-income families at 17.1%, reflecting an excellent level of lending. North Side originated 23.4% and 45.3% of its refinance loans to middle- and upper-income borrowers, respectively, relatively comparable to the percentage of middle- and upper-income families at 21.50% and 42.10%, respectively. Overall, the distribution of refinance loans among borrowers of different income levels is reasonable.

Lending to Businesses with Different Revenues Sizes

An analysis of small business lending data was conducted to ascertain the extent of lending to businesses of different sizes. Of the 251 small business loans originated by the bank, one loan had no information regarding the gross annual revenues of the business. Of the remaining 250 small business loans originated, 120 (47.8%) were originated to businesses with less than $1 million in revenue, compared to 85.60% of small businesses in the assessment area, reflecting a poor level of lending to small businesses.

However, further analysis of small business lending shows that 57.5% of the bank's small business loans were in an amount of $100,000 or less and 16.7% were in amounts between $100,001 and $250,000. This willingness to make smaller dollar loans reflects the bank's efforts to address a need sometimes not met by larger institutions. Therefore, the bank's lending to businesses of different revenue sizes is adequate.

Response to CRA-Related Complaints

The bank has not received any CRA-related complaints since the previous examination.

Community Development Test

North Side's level of community development activities is satisfactory given the bank's capacity and availability of such opportunities in the assessment area.

Community Development Lending

North Side made seven community development loans totaling $563,773.00. Of the seven loans, five loans were for affordable housing for low- or moderate-income individuals and two loans were for the revitalization of low- or moderate-income geographies.

Qualified Investments

The bank made 11 donations that meet the criteria for qualified investments totaling $5,717. Of the 11 donations, seven were made for the purpose of community services for low- and moderate-income individuals totaling $3,980. Two donations were made for the purpose of revitalization of low- or moderate-income geographies totaling $337. Two donations were made for the purpose of providing affordable housing for low- and moderate-income individuals totaling $1,400. North Side made an investment with a community development bank outside of its assessment area for $100,000, but will receive consideration for the investment because the overall community development activities are considered adequate.

Community Development Services

Bank directors, officers, and staff participate in the following community development organizations:

- Heritage Hill Elementary School: An employee taught a class on banking for this school, where more than half of the students are considered economically disadvantaged.
- Hamilton County Property Improvement Program (HIP): Employees worked on subsidizing HIP loans. HIP helps to keep individuals in their community because this organization helps individuals fix up their home in an affordable way.
- Cincinnati Northside Community Urban Redevelopment Corporation: An employee serves as director for this organization which is focused on the acquisition and redevelopment of blighted properties in the neighborhood.
- Northside Business Association: An employee serves as treasurer. The association was formed to promote the municipal, civic, business, and educational welfare and the social interest of the territory embracing all of Northside, and parts of the City of Cincinnati.

- Cincinnati Neighborhood Business Districts United (CNBDU): An employee serves on the board of directors. CNBDU provides several services to the city of Cincinnati, including mentoring and technical assistance to neighborhood business districts.
- Working in Neighborhoods (WIN): An employee provided financial educational seminars for first time home buyers.
- Federal Home Loan Bank (FHLB) of Cincinnati: An employee provides technical assistance to homeowners with securing funds from the down payment program for low- and moderate-income borrowers and with the Preserving the American Dream Program.
- Minority Contractors Business Assistance Program: An employee gave a presentation on "Banking and Financing for Contractors" to minorities beginning their contracting business.
- Price Hill Will: An employee taught a financial education class. Price Hill Will is a community development corporation serving the Price Hill area.
- Churches Active in Northside (CAIN): Employee serves on the board of directors. CAIN provides food, financial assistance, and shelter for the needy members of the North Side community.
- Association of Community Organizations for Reform Now (ACORN): Employees participated in a Financial Literacy Workshop. ACORN is an organization for low- and moderate-income individuals to eliminate predatory lending, payday lenders, develop affordable housing, and improve urban public schools.
- Cincinnati Development Fund: An employee is part of the loan committee to discuss loan requests. The fund is to finance affordable housing development and community revitalization.
- Small Business Development Center - Employee is on the advisory board. The Center provides free, consulting and training to pre-venture and existing small businesses.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

A fair lending review was completed in conjunction with the compliance and CRA examinations. No violations of the provisions of anti-discrimination laws and regulation were identified during the examination. North Side maintains fair lending policies and procedures and provides bank staff with fair lending training. Further, no instances of illegal credit practices were discovered.

APPENDIX A

CRA GLOSSARY

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They 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: Affordable 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies,

Consumer loan: A loan 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 of loans: motor vehicle, credit card, home equity, other secured loan, and other unsecured loan.

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 household 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, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography: A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do 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 applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

Home mortgage loans: Include home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

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.

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.

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, branch distribution).

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 lenders in the MSA/assessment area.

Metropolitan area: Any primary metropolitan statistical area (PMSA), metropolitan statistical area (MSA), or consolidated metropolitan area (CMSA), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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.

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.

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

Optional loans: Includes any unreported category of loans for which the institution collects and maintains data for consideration during a CRA examination. Also includes 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.

Small loans to business: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small loans to farms: 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 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

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.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of a geography.

APPENDIX B

ASSESSMENT AREA MAP

North Side Bank & Trust Company
Assessment Area: MSA 17140