PUBLIC DISCLOSURE

May 5, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

North Valley Bank
783910

2775 Maysville Pike
Zanesville, OH 43701

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 bank's rating is based on the following factors:

- The loan-to-deposit ratio is reasonable given the institution's size, financial condition, and assessment area credit needs;
- A substantial majority of loan activity is in the bank's assessment area;
- Geographic distribution of loans reflects a reasonable dispersion throughout the assessment area;
- Distribution of loans to borrowers reflects a reasonable penetration among individuals of different income levels;
- Distribution of loans to businesses reflect a reasonable penetration among businesses of different sizes given the demographics of the assessment area and ;
- There were no CRA-related complaints filed since the previous examination.

SCOPE OF EXAMINATION

Because North Valley Bank ("North Valley"), Zanesville, Ohio had assets of less than $250 million as of year-end 2007, this assessment of the bank's CRA performance was conducted using the small bank interagency examination procedures. The bank's offices are located only in the state of Ohio; therefore, it is not subject to the provisions of the Interstate Banking and Branching Efficiency Act of 1994.

In order to assess the bank's performance, mortgage, consumer, commercial, and real estate-secured commercial loans originated in 2006 and 2007 were reviewed. Because neither the bank nor its branches are located in a Metropolitan Statistical Area, North Valley is not subject to the Home Mortgage Disclosure Act. The bank does not separately designate those mortgage loans that are purchase money mortgages or refinances; therefore, for the purposes of this review, purchase money mortgages and refinances are designated as mortgage loans. Within the consumer loan portfolio, loans are broken down by motor vehicle, other purpose-secured, and other purpose-unsecured.

Although the bank's assessment area is comprised of moderate-, middle-, and upper-income tracts, all of the middle-income tracts are designated as distressed tracts due to high levels of unemployment. Additionally, there is only one upper-income tract; therefore, because virtually all lending opportunities within the assessment area would fall in either moderate-income or distressed tracts, the assessment of the geographic distribution of the bank's loans was given less weight in the overall rating.

DESCRIPTION OF INSTITUTION

North Valley is the sole subsidiary of North Valley Bancshares Inc., both of which are located in Zanesville, Ohio. The shell holding company was created since the previous examination. As of December 31, 2007, the bank had assets of $127,463,000. The bank offers a standard range of personal and business banking products, including telephone and online banking services. Online services, though, are limited to transactional services for existing accounts and do not include the ability to apply for loans or open new accounts online. In addition to offering commercial loans, the bank offers cash management services and credit card merchant accounts for businesses. In addition to the main office in Zanesville, Ohio, the bank has branches in Malta in Morgan County and Corning in Perry County, as well as three ATMs. No new branches or ATMs have been opened since the prior examination.

The majority of the bank's interest income, 89.5%, derives from interest and fees from loans. By dollar volume, the bulk of North Valley's loan portfolio, 78.3% as of December 31, 2007, is comprised of real estate loans, fairly evenly divided by 1-4 family residential loans and other real estate loans. The bank does very little home equity lending; therefore, the majority of 1-4 family residential loans are either purchase money mortgages or refinances. Commercial real estate loans, which are included in the category other real estate loans, comprise 27.3% of the bank’s loan portfolio. Commercial loans not secured by real estate make up 13.7%, while consumer loans make up 5.9% of North Valley's loan mix.

As of June 30, 2007, the bank ranked fourth in deposit share in the three-county area with 7.8% of deposits.[1] Major competitors include local institutions such as Century National Bank and Community Bank and branches of regional and large complex organizations such as Huntington National Bank, National City Bank, and JP Morgan Chase Bank, NA.

At its previous examination, conducted March 31, 2003, North Valley was rated “Outstanding.”

1 www.FDIC.gov

DESCRIPTION OF MUSKINGUM, MORGAN, AND PERRY COUNTIES

North Valley's assessment area includes all of Muskingum, Morgan, and Perry Counties in southeastern Ohio. This portion of Ohio is part of Appalachia, being the western ridge and foothills of the Appalachian Mountain Range. Appalachia is a 200,000-square-mile region that follows the spine of the Appalachian Mountains from southern New York to northern Mississippi. It includes all of West Virginia and parts of 12 other states: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia. This area's economy was based in the past primarily on extraction of natural resources and manufacturing. Although the economy of the Appalachia is gradually diversifying, particularly in the development of tourism, coal and agriculture continue to be important resources, but no longer provide the predominant employment in the area.[2] Morgan County is a designated distressed county by the Appalachia Regional Commission ("ARC"), making it eligible for ARC economic development grants.

In this portion of the state, urban areas, both residential and commercial, comprise a very small portion of overall land use, thereby limiting opportunities to lend. In Muskingum County, the most populous of the three counties, 63.73% of the county is made up of forest, 16.49% cropland, 15.75% pasture, and only 3.27% urban areas. Land usage in Perry County is comprised of 70.66% forest, 21.57% cropland, and 6.43% pasture with only 0.88% being urban. Only 0.23% of Morgan County is comprised of urban areas, while 86.14% is forest, 9.1% pasture, and 4.04% cropland. [3]

The bank's assessment area is comprised of eight moderate-, 20 middle-, and one upper-income tracts. Being a nonmetropolitan area, the income designations are based on the statewide median income of $43,801. The median incomes of Muskingum, Morgan, and Perry Counties are $41,938; $34,973; and $40,294, respectively. All of the middle-income tracts are designated as distressed due to unemployment and the two middle-income tracts in Morgan County are also designated as underserved due to their remote rural location. The one upper-income tract is located in Muskingum County.

Population

As of the 2000 Census, the population of the bank's assessment area was 133,560, with 73.6% of the population being age 18 or older, of legal age to enter into a contract in the State of Ohio. The majority of the population resides in Muskingum County. More recent data from the Ohio Department of Development estimates the population as of 2006 to be 136,259. Muskingum is the largest of the three counties with a population of 84,585 as of 2000 and an estimated population of 86,125. Perry County had a population of 34,078 as of 2000 and an estimated population of 35,313 as of 2006. Morgan County, with a population of 14,897, is estimated to have had a decrease in population to 14,821.

2 www.arc.gov
3 Ohio Department of Development, Office of Strategic Research

Within the assessment area, there were 36,380 families, of which 10.5% had income levels below poverty level. There were 50,835 households, of which 13.2% were below poverty level. Of the population in Muskingum County whose income is below poverty, 38.5% are below 50% of the poverty level. Within Perry County, 34.5% of the population below the poverty level are 50% below that level, while in Morgan County 34.8% of the below poverty population are below 50%. It should be noted that, for individuals with income levels this low, qualifying for any type of loan, particularly a purchase money mortgage, is virtually unfeasible.

Housing

As of the 2000 Census, there were 56,589 housing units within the three counties, with 67.9% being owner-occupied, 22.1% rentals, and 10% vacant. The median age of the housing stock was 38 years in Muskingum, 35 years in Morgan, and 36 years in Perry County. The following table shows a further breakdown of the age of housing units based on the year constructed:

	Muskingum	Perry	Morgan
Year Built			
1949 or earlier	35.9%	16.7%	34.8%
1950 – 1989	50.5%	44.9%	51.2%
1990 – March 2000	13.6%	38.5%	14%

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.

The affordability ratio for the assessment area and Muskingum and Morgan Counties was 43%, while Perry County had an affordability ratio of 47%. Of the owner-occupied units within the three counties, 34.5% were valued at less than $60,000, being most affordable for low- or moderate-income borrowers. Morgan County had the largest stock of homes valued at less than $60,000 at 43.2% followed by Perry County at 39.8% and Muskingum County at 30.6%. Housing valued at $60,000 to less than $100,000 comprised 35.9%, 35.9%, and 32.5% of the owner-occupied units in Muskingum, Morgan, and Perry Counties, respectively.

The median gross rent in the assessment area was $404, with one-third 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. Morgan County had the largest stock of affordable rental units at 65.8% with 64.4% in Muskingum County and 59.6% in Perry County.

The following table summarizes key demographic information about the assessment area:

Combined Demographics Report

North Valley Bank

Assessment Area(s): Non-MSA

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	7,794	21.4
Moderate-income	8	27.6	8,130	22.3	1,481	18.2	7,378	20.3
Middle-income	20	69.0	26,677	73.3	2,235	8.4	8,876	24.4
Upper-income	1	3.4	1,573	4.3	92	5.8	12,332	33.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**29**	**100.0**	**36,380**	**100.0**	**3,808**	**10.5**	**36,380**	**100.0**

	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	13,426	7,848	20.4	58.5	4,006	29.8	1,572	11.7
Middle-income	40,570	28,763	74.9	70.9	7,818	19.3	3,989	9.8
Upper-income	2,593	1,816	4.7	70.0	657	25.3	120	4.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	**56,589**	**38,427**	**100.0**	**67.9**	**12,481**	**22.1**	**5,681**	**10.0**

	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = $1 Million		Over $1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	952	23.5	850	23.5	73	25.8	29	20.6
Middle-income	2,850	70.5	2,551	70.5	193	68.2	106	75.2
Upper-income	242	6.0	219	6.0	17	6.0	6	4.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	**4,044**	**100.0**	**3,620**	**100.0**	**283**	**100.0**	**141**	**100.0**
	Percentage of Total Businesses:			**89.5**		**7.0**		**3.5**

Economy

As noted previously, the bank's assessment area falls within that portion of Ohio known as Appalachia. Also, as noted previously, this area is heavily forested. The southeastern portion of Perry County is part of the Wayne National Forest and the three counties also include Dillon State Park, Blue Rock State Park, and Burr Oak State Park. The area also holds historical significance dating back to the original Native Americans who resided in the area, the settling of the Northwest Territories, and the building of the Zane Grey Trail and emergence of the canal systems. Because of the unique natural qualities and historical importance of the area, tourism is an important component of economic development in this region.

Within Muskingum County, retail trade, followed by health care/social assistance, employs the largest number of people, 18% and 17.5%, respectively. However, health care/social assistance pays the largest amount of wages at 20.6%, followed by manufacturing at 19.9%. Major employers include AK Steel Holding Company, Longaberger Company, Muskingum College, Owens-Illinois/Owens-Brockway, and Wendy's International/New Bakery Company. Business is expanding in the county, particularly as a result of a recent $10 million investment in downtown Zanesville. However, according to the Governor's Office on Appalachia, there is a need for information technology services for manufacturing, distributors, and governmental and educational agencies.

Local governments in Perry County employ the greatest number of people (27.4%) and pay the largest amount of wages (25.4%). Manufacturing is the second largest employer at 17.7% and is second in payment of wages as well at 21.1%. In addition to local governments and boards of education, leading employers include CertainTeed Corporation/Ludowici Roof Tile, Cooper-Standard Automotive, Precision Castparts Corporation, and Superior Fibers, LLC. A business incubator has been created to help small and home-based businesses. Additionally, the incubator has received funds to explore the viability of the arts and heritage tours in an area formerly known as "The Little Cities of Black Diamond."

In Morgan County as well, local governments, followed by manufacturing, employ the largest number of people at 23.2% and 13.2%, respectively and pay the largest amount of wages at 20.6% and 16.8%, respectively. Besides local governments and boards of education, major employers include Careserve Incorporated/Mark Rest Center, Draper, Incorporated, Hann Manufacturing, MIBA Bearings, US, LLC, and MAHLE International. Tourism is becoming an increasingly important component of the county's economic development.

Unemployment in this portion of the State of Ohio is historically higher than both the state and national unemployment rates. For Muskingum, Perry, and Morgan Counties, the unemployment rates as of April 2008 were 7.5%, 7.7%, and 9.6%, respectively. The national rate for the same time period was 4.8% and the State of Ohio rate was 5.5%.

Community contacts were conducted with representatives of two organizations serving the economic and community development needs specific to Appalachia and this portion of the state. Needs identified by these individuals include business start-up loans, more flexibility in business lending programs, and programs to help individuals with their mortgage loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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 number of quarters.

North Valley's loan-to-deposit ("LTD") ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. Since the previous examination in March 2003, the bank's average LTD ratio was substantially above peer at 102%. However, the bank has averaged 89.1% for the eight quarters of 2006 and 2007, a more reasonable ratio placing them still above, but more in line, with the peer group average ratio of 80.41 %.[4] As can be seen in the table below, the LTD ratio reached a peak in 2004 and has been returning to more sustainable levels since 2005.

Loan-to Deposit Ratios			
As of Date	**Net Loans (000s)**	**Total Deposits (000s)**	**Ratio**
March 31, 2008	100,458	117,104	85.79
December 31, 2007	100,713	114,262	88.14
September 30, 2007	101,388	117,799	86.07
June 30, 2007	104,850	122,352	85.70
March 31, 2007	107,853	122,094	88.34
December 31, 2006	110,117	121,825	90.39
September, 30, 2006	110,524	121,735	90.79
June 30, 2006	110,493	119,999	92.08
March 31, 2006	110,177	120,230	91.64
December 31, 2005	112,036	119,025	94.13
September 30, 2005	112,541	124,436	90.44
June 30, 2005	112,901	127,287	88.70
March 31, 2005	115,466	120,402	95.90
December 31, 2004	111,595	111,799	99.82
September 30, 2004	128,107	86,172	148.66
June 30, 2004	116,827	84,791	137.78
March 31, 2004	102,447	86,767	119.45
December 31, 2003	97,225	80,496	120.78
September, 30, 2003	92,932	78,560	118.29
June 30, 2003	88,062	77,058	114.28
March 31, 2003	83,291	72,579	114.76
Quarterly Loan-to-Deposit Ratio Average since the previous examination			**102.00**

5 Peer group consists of all insured commercial banks having assets between $100 and $300 million in nonmetropolitan areas with 3 or more full service offices.

Lending in the Assessment Area

A substantial majority of the bank's loans, 91.5% were made within the bank's assessment area. By dollar volume, 89.5% of the total loans fell within the assessment area. The following table shows the volume of lending in and out of the bank's assessment area.

Lending Inside and Outside the Assessment Area								
Loan Type	**Inside the Assessment Area**				**Outside the Assessment Area**			
	# of Loans	%	$ (000s)	%	# of Loans	%	$ (000s)	%
Small Business	296	87.8	14,398	80.2	41	12.2	3,560	19.8
Small Business Secured RE	153	95.6	29,059	94.7	7	4.4	1,632	5.3
Mortgage	142	94.0	12,340	92.1	9	6.0	1,056	7.9
Motor Vehicle	273	90.7	2,804	86.1	28	9.3	454	13.9
Other Secured	230	91.3	2,739	87.9	22	8.7	376	12.1
Other Unsecured	224	93.7	1,336	83.1	15	6.3	272	16.9
Total	**1,318**	**91.5**	**62,676**	**89.5**	**122**	**8.5**	**7,349**	**10.5**

Geographic Distribution of Lending

The geographic distribution of loans within North Valley's assessment area is reasonable. As noted above, the bank's assessment area is comprised of eight moderate-, 20 middle-, and one upper-income tracts. Since all of the middle-income tracts are distressed and there being only one upper-income tract, greater than 90% of all of the bank's lending is in moderate-income or distressed tracts. Additionally, during the period under review, the bank made at least one loan in each census tract within its assessment area.

Of the mortgage loans originated by the bank, 36.6% by number and 26.8% by dollar volume were made in moderate-income tracts, considerably higher than the 20.4% of owner-occupied units found within the moderate-income tracts. However, 61.3% by number and 70% by dollar volume of mortgage loans were made in the distressed middle-income tracts, although 74.9% of owner-occupied units are found in these tracts. The remaining 2.1% by number and 3.2% by dollar volume of loans were made in the upper-income tract as compared to the 4.7% of owner-occupied units.

For small business lending, whether secured by real estate, other collateral, or unsecured, the bank's level of lending in moderate-income tracts was less than the percentage of businesses located in these tracts, but exceeded the percentage of businesses in middle-income tracts. Small business lending in the upper-income tract was slightly less than the percentage of businesses in that tract.

The bank's motor vehicle lending exceeded the percentage of households in both the moderate- and middle-income tracts with lending in the upper-income almost half the percentage of households. Both other-secured and other-unsecured lending exceeded the percentage of households in moderate-income tracts, but was less than the percentage of households in the middle-income tracts. However, lending in the upper-income tract was less than the percentage of households.

Borrower Distribution of Lending

Overall, lending to borrowers of different income levels and businesses of different revenue sizes is reasonable.

The borrower distribution of mortgage loans is poor. Of the loans reviewed, 36.6% had no income information; therefore giving a somewhat uncertain picture of the bank's overall lending record. Low-income families comprise 21.4% and moderate-income families comprise 20.3% of the families within the assessment area. However, of the loans with income information, North Valley made only 4.9% of its loans to low-income borrowers and 12.7% to moderate-income borrowers. Additionally, the bank made 18.3% of its loans to middle-income borrowers, although 24.4% of the families are middle-income and 27.5% of its loans to upper-income borrowers compared to 33.9% of families being upper-income.

The tables in Appendix A contain detailed information regarding the distribution of consumer and small business loans. Approximately half of the consumer loans contained no information regarding the income of the borrowers. Of the remaining loans, the bank's lending to all income levels was less than the percentage of households within the assessment area. However, based on the information available, the majority of the bank's lending was to low- and moderate-income borrowers.

Lending to Businesses with Different Revenues Sizes

Lending to businesses of different revenue sizes is reasonable. Of the small business loans reviewed, 58.4% had no revenue information and 42.5% of small business loans secured by real estate had no revenue information. The remainder of the loans in both categories was made to businesses with gross annual revenues of $1 million or less.

Of the small business loans, 91.6% were in amounts of $100,000 and 6.1% were in amounts greater than $100,000 up to $250,000, reflecting the bank's willingness of the bank to provide small loans to help local businesses. In lending to businesses with gross annual revenues of $1 million or less, 91.1% of the loans were in amounts of less than $100,000 and 5.7% between $100,001 and $250,000.

Response to Consumer Complaints

No complaints relating to CRA were received since the previous examination.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

There was no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs identified. The bank has adopted policies, procedures, and training programs to address compliance not only with fair lending laws and regulations, but also with all applicable consumer protection laws and regulations.

APPENDIX A

LENDING TABLES

Geographic Distribution of Consumer Loans								
	Total Consumer Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Hhlds	% Bank Loans	% of Hhlds	% Bank Loans	% of Hhlds	% Bank Loans
Motor Vehicle	273	37.6	23.3	25.3	71.8	72.2	4.8	2.6
Other - Secured	230	31.6	23.3	32.6	71.8	63.9	4.8	3.5
Other - Unsecured	224	30.8	23.3	29.0	71.8	67.9	4.8	3.1

Geographic Distribution of Small Loans to Businesses								
	Total Loans		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
	#	% of Total	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans	% of Businesses	% Bank Loans
Small Business	296	65.9%	23.5	17.2	70.5	77.7	6.0	5.1
Small Bus secured by RE	153	34.1%	23.5	19.6	70.5	76.5	6.0	3.9

Borrower Distribution of Consumer Loans										
	Total Consumer Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total	% of Hhlds	% Bank Loans	% of Hhlds	% Bank Loans	% of Hhlds	% Bank Loans	% of Hhlds	% Bank Loans
Motor Vehicle	273	37.6	25.0	13.9	17.8	12.1	20.2	7.7	37.1	9.5
Other - Secured	230	31.6	25.0	17.0	17.8	15.7	20.2	11.7	37.1	7.8
Other - Unsecured	224	30.8	25.0	16.1	17.8	17.9	20.2	8.5	37.1	10.7

Borrower Distribution of Small Loans to Businesses							
	Total Loans		Businesses with Revenues of $1 million or less		Loans by Original Amount Regardless of Business Size		
	#	% of Total	% of Businesses	% Bank Loans	$100,000 or Less	>$100,001 to $250,000	>$250,001 to $1,000,000
Small Business	296	65.9%	89.5	41.6	91.6	6.1	2.4
Small Bus secured by RE	153	34.1%	89.5	57.5	66.7	13.1	17.6

APPENDIX B

GLOSSARY

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

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

Community development: All Agencies have adopted the following language. 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 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on:
  - a. Rates of poverty, unemployment, and population loss; or
  - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 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 (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes 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.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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

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

Metropolitan area ("MA"): A metropolitan statistical area ("MSA") or a metropolitan division ("MD") as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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

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

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

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

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

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

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

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting ("TFR") instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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.

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 C

ASSESSMENT AREA MAP

North Valley Bank
Assessment Area: Non-MSA