North Central Bancshares, Inc.

825 Central Avenue • PO Box 1237
Fort Dodge, Iowa 50501-1237

CONFIDENTIAL TREATMENT IS REQUESTED FOR THE CONTENTS OF THIS LETTER PURSUANT TO PROVISIONS OF THE FREEDOM OF INFORMATION ACT AND IMPLEMENTING REGULATIONS.

March 9, 2009

The Honorable Neil M. Barofsky
Special Inspector General – TARP
1500 Pennsylvania Avenue, NW
Suite 1064
Washington, DC 20220

Via Electronic Filing with a Signed Original including Certification and Supporting Documentation filed via Regular Mail

Subject: Response to February 6, 2009 Correspondence Regarding TARP Recipient Audit

Dear Mr. Barofsky:

This is in response to your February 6, 2009 correspondence (copy attached) seeking information regarding participation of North Central Bancshares, Inc. ("NCB"), the parent holding company of First Federal Savings Bank of Iowa ("FFSB"), in the Troubled Asset Relief Program ("TARP"). As you are aware, on January 9, 2009, pursuant to the TARP Capital Purchase Program ("TARP-CPP"), NCB issued to the U.S. Treasury Department 10,200 shares of NCB's fixed rate cumulative perpetual preferred stock, along with a warrant to purchase 99,157 shares of its common stock, for an aggregate purchase price of $10,200,000.

<u>Use of TARP Funds</u>

Since receiving the investment of TARP funds, NCB has contributed approximately two-thirds of the funds directly into FFSB. As noted in various public releases,[1] these funds have further increased the capacity of the bank to support economic activity and growth through responsible lending in each of the communities served by FFSB, including Fort Dodge, Nevada, Ames, Perry, Ankeny, Clive, West Des Moines, Burlington, and Mount Pleasant, Iowa. The remaining TARP funds at NCB are currently being held to serve as a source of strength for the lending activities and ongoing operations of FFSB, as well as to support required dividend payments to Treasury pursuant to the Securities Purchase Agreement ("SPA") executed between NCB and Treasury. NCB is currently exploring ways to structure a loan or line of credit that would be extended by NCB to FFSB, consistent with safety and soundness and the overall

[1] *See, e.g.,* NCB Press Release dated December 19, 2008 (announcing Treasury Department approval of NCB's participation in the TARP-CPP); NCB Press Release dated January 9, 2009 (announcing closing of TARP-CPP investment); and NCB Earnings Release dated February 11, 2009 (copies attached).

support of the holding company for the bank, for the remaining TARP funds to be utilized for further lending and investments in the communities served by FFSB.

With respect to the use of TARP funds by FFSB, the bank has used these funds to [redacted]n addition, FFSB has used a portion of these funds [redacted] Beginning next week, FFSB is also [redacted] In this regard, FFSB, with the support of NCB, will continue to pursue lending programs and promotions aggressively, yet prudently, to lend TARP funds to stimulate the local economies of the communities served by FFSB.

While NCB has not segregated TARP-CPP funds from other funds at the bank, FFSB continues to utilize its available funding to lend and invest in its communities as discussed above. In this regard, NCB and FFSB are using TARP funds specifically as anticipated at the time that NCB applied to participate in the TARP-CPP, and this remains the expectation with respect to available funding. In addition and as further described below with respect to the executive compensation requirements imposed in connection with the TARP, NCB and FFSB have implemented programs and taken the necessary steps to comply with all applicable requirements of the SPA, the TARP-CPP and the EESA.

TARP Executive Compensation Requirements

As required by the SPA and related agreements governing the TARP-CPP, in order to comply with the executive compensation and corporate governance requirements of Section 111(b) of the Emergency Economic Stabilization Act of 2008 ("EESA"), each of NCB's Senior Executive Officers (as defined in the TARP-CPP agreements) executed a waiver voluntarily waiving any claim against the Treasury Department or NCB for any changes to such Senior Executive Officer's compensation or benefits that are required to comply with Treasury's regulations under the TARP-CPP as published in the Federal Register on October 20, 2008. The waiver executed by NCB's Senior Executive Officers also acknowledges that Treasury's regulations may require modification of the compensation, bonus, incentive and other benefit plans, arrangements and policies and agreements (including any "golden parachute" agreements) for as long as Treasury holds any equity or debt securities of NCB acquired through the TARP-CPP. In addition, each NCB Senior Executive Officer entered into an omnibus amendment agreement with NCB amending existing executive compensation agreements with respect to such Senior Executive Officer as may be necessary, during the period that Treasury owns any debt or equity securities of NCB acquired pursuant to the TARP-CPP agreements or warrant, as necessary to comply with Section 111(b) of the EESA.

[2] For an overview of FFSB's lending activities and investments [redacted]

NCB is also currently evaluating its existing employment agreements, benefit plans and other arrangements in light of amendments to section 111 of the EESA that were enacted pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA"). New section 111, which became effective February 17, 2009, requires the Treasury Secretary to promulgate regulations to implement the following requirements and restrictions on TARP recipients:

- Limits on incentives to Senior Executive Officers for taking unnecessary and excessive risks that threaten the value of the company;
- Recovery of any bonus, retention award, or incentive compensation paid to Senior Executive Officers or to any of the next twenty most highly compensated employees of the company based on certain financial statements or other criteria that are later found to be materially inaccurate;
- A prohibition on payments to Senior Executive Officers or to any of the next five most highly compensated employees for departure from the company for any reason (except for payments for services performed or benefits accrued);
- A prohibition on paying bonuses and certain other compensation to the CEO, except with respect to certain restricted stock awards or to the extent that a bonus is required by a valid employment contract;
- A prohibition on any compensation plan that encourages manipulation of the company's reported earnings for the purposes of enhancing employee compensation, and a requirement for the company's CEO and CFO to provide certain certifications regarding the foregoing;
- Requirements with respect to a company's Personnel and Compensation Committee;
- A company-wide policy regarding excessive or luxury expenditures; and
- Authorization for Treasury to review certain compensation paid to the company's Senior Executive Officers and the next 20 most highly-compensated employees to determine whether any such payments were inconsistent with the purposes of the foregoing.

In addition, new section 111 requires a nonbinding "say on pay" shareholder vote to be included in a publicly-traded TARP recipient's proxy statement with respect to an annual meeting of stockholders. NCB has already implemented this requirement and will take all additional steps necessary to ensure compliance with regulations to be issued by Treasury to implement all other applicable requirements of new section 111 highlighted above.

<u>Documentation</u>

Pursuant to your request for documentation, please be advised that NCB and FFSB have taken all steps required to ensure compliance with the terms of the SPA, TARP-CPP and the EESA, including section 111 of the EESA. Attached for your review, please find the relevant information responsive to your request for documentation. While NCB and FFSB have not generally segregated TARP documentation to date, NCB and FFSB will both segregate and preserve all TARP-CPP documentation going forward, including a review of existing data to identify any additional information that may be relevant to this inquiry.[2]

Because this letter contains confidential information concerning NCB and FFSB, disclosure of which would be harmful to both entities, we respectfully request confidential treatment of the contents of this letter under provisions of the Freedom of Information Act and the applicable implementing regulations. If there were to be any request for this letter under such Act or regulations, and were the Treasury Department to contemplate releasing all or any part of this letter in response to such request, we ask that we be provided the opportunity to supplement this request, or otherwise suggest redactions to this letter, so as to protect the confidential information contained herein.

Certification

I, the undersigned, a duly authorized Senior Executive Officer of NCB, certify the accuracy of all statements, representations, and supporting information provided herein, subject to the requirements and penalties set forth in 18 USC § 1001.

If you have any questions regarding this correspondence, please feel free to contact me at [redacted] Thank you.

Sincerely,

David M. Bradley
Chairman, President & Chief Executive Officer
North Central Bancshares, Inc.:

cc: [redacted]
Director, OTS Midwest Region

[3] [2] In addition, to the extent relevant and responsive to this inquiry, such additional information will be forwarded to the Special Inspector General-TARP in due course.

EX-99.1 2 v135198_ex99-1.htm
North Central Bancshares, Inc.
David M. Bradley
515-576-7531
Distribution: Iowa Newsline
December 19, 2008

NORTH CENTRAL BANCSHARES, INC. ANNOUNCES PRELIMINARY APPROVAL TO PARTICIPATE IN U.S. TREASURY DEPARTMENT'S CAPITAL PURCHASE PROGRAM

Fort Dodge, Iowa – North Central Bancshares, Inc. (the "Company") (Nasdaq: FFFD), the holding company for First Federal Savings Bank of Iowa (the "Bank") announced today that it received preliminary approval from the U.S. Treasury Department to participate in the Troubled Asset Relief Program (TARP) Capital Purchase Program (CPP) in the amount of $10,200,000. The approval is subject to certain conditions and the execution of definitive agreements.

"We are pleased that North Central Bancshares, Inc. has received preliminary approval to participate in this voluntary program available to the nation's healthiest banks. Even without this additional capital, First Federal Savings Bank of Iowa is well-capitalized and exceeds all regulatory capital requirements. This new equity investment will further increase our capacity to support economic activity and growth in each of the communities we serve through responsible lending," said David M. Bradley, Chairman and Chief Executive Officer.

North Central Bancshares, Inc. serves north central and southeastern Iowa at 11 full service locations in Fort Dodge, Nevada, Ames, Perry, Ankeny, Clive, West Des Moines, Burlington and Mount Pleasant, Iowa through its wholly-owned subsidiary, First Federal Savings Bank of Iowa, headquartered in Fort Dodge, Iowa. The Bank's deposits are insured by the Federal Deposit Insurance Corporation. The Company's stock is traded on The Nasdaq Global Market under the symbol "FFFD".

Statements included in this press release and in future filings by North Central Bancshares, Inc. with the Securities and Exchange Commission, in North Central Bancshares, Inc. press releases, and in oral statements made with the approval of an authorized executive officer, which are not historical or current facts, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. North Central Bancshares, Inc. wishes to caution readers not to place undue reliance on such forward-looking statements, which speak only as of the date made. The following important factors, among others, in some cases have affected and in the future could affect North Central Bancshares, Inc.'s actual results, and could cause North Central Bancshares, Inc.'s actual financial performance to differ materially from that expressed in any forward-looking statement: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards, may adversely affect the business in which the Company is engaged; (6) competitors may have greater financial resources and developed products that enable such competitors to compete more successfully than the Company; and (7) adverse changes may occur in the securities markets or with respect to inflation. The foregoing list should not be construed as exhaustive, and North Central Bancshares, Inc. disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events.

For more information contact: David M. Bradley, Chief Executive Officer, 515-576-7531.

EX-99.1 9 v136744_ex99-1.htm

North Central Bancshares, Inc.
David M. Bradley
515-576-7531
Distribution: Iowa Newsline
January 9, 2009

NORTH CENTRAL BANCSHARES, INC. PARTICIPATES IN U.S. TREASURY'S CAPITAL PURCHASE PROGRAM

Fort Dodge, Iowa – North Central Bancshares, Inc. (the "Company") (Nasdaq: FFFD), the holding company for First Federal Savings Bank of Iowa (the "Bank") announced today that it has successfully completed the sale of $10.2 million in preferred stock and related warrants to the United States Treasury Department through the Capital Purchase Program. Under the terms of the transaction, the Company issued 10,200 shares of cumulative preferred stock and a warrant to purchase 99,157 shares of FFFD common stock at an exercise price of $15.43 per share. The preferred shares will bear an annualized dividend rate of 5 percent for the first five years it is outstanding, after which the dividend will increase to 9 percent.

"We are pleased to have the opportunity to participate in this voluntary program available to the nation's healthiest banks. This investment will further enhance our already well-capitalized position. This will, in turn, increase our capacity to support economic activity and growth in each of the communities we serve through responsible lending," said David M. Bradley, Chairman and Chief Executive Officer.

North Central Bancshares, Inc. serves north central and southeastern Iowa at 11 full service locations in Fort Dodge, Nevada, Ames, Perry, Ankeny, Clive, West Des Moines, Burlington and Mount Pleasant, Iowa through its wholly-owned subsidiary, First Federal Savings Bank of Iowa, headquartered in Fort Dodge, Iowa. The Bank's deposits are insured by the Federal Deposit Insurance Corporation. The Company's stock is traded on The Nasdaq Global Market under the symbol "FFFD".

Statements included in this press release and in future filings by North Central Bancshares, Inc. with the Securities and Exchange Commission, in North Central Bancshares, Inc. press releases, and in oral statements made with the approval of an authorized executive officer, which are not historical or current facts, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. North Central Bancshares, Inc. wishes to caution readers not to place undue reliance on such forward-looking statements, which speak only as of the date made. The following important factors, among others, in some cases have affected and in the future could affect North Central Bancshares, Inc.'s actual results, and could cause North Central Bancshares, Inc.'s actual financial performance to differ materially from that expressed in any forward-looking statement: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards, may adversely affect the business in which the Company is engaged; (6) competitors may have greater financial resources and developed products that enable such competitors to compete more successfully than the Company; and (7) adverse changes may occur in the securities markets or with respect to inflation. The foregoing list should not be construed as exhaustive, and North Central Bancshares, Inc. disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events.

For more information contact: David M. Bradley, Chief Executive Officer, 515-576-7531.

EX-99.1 2 v139635_ex99-1.htm

North Central Bancshares, Inc.
David M. Bradley
515-576-7531
Distribution: Iowa Newsline
February 11, 2009

NORTH CENTRAL BANCSHARES, INC. ANNOUNCES ANNUAL RESULTS FOR YEAR END 2008

Fort Dodge, Iowa -- North Central Bancshares, Inc. (the "Company") (NASDAQ: FFFD), the holding company for First Federal Savings Bank of Iowa (the "Bank"), announced today its financial results for the fourth quarter and twelve months ended December 31, 2008.

The Company's net loss for the year ended December 31, 2008 was $(419,000), or $(0.31) per diluted share, compared to net income of $4.0 million, or $2.93 per diluted share for the year ended December 31, 2007. The return on average equity totaled (1.02)% for December 31, 2008 compared to 9.53% for December 31, 2007. The decrease in 2008 net income is primarily due to the $6.1 million other-than-temporary impairments on securities available-for-sale, primarily consisting of Freddie Mac and Fannie Mae perpetual preferred stock, as described further below.

The Company's net income for the fourth quarter of 2008 was $2.48 million, or $1.85 per diluted share, compared to net income of $918,000, or $0.68 per diluted share, for the fourth quarter of 2007. The increase in earnings was primarily attributable to a tax benefit realized in the fourth quarter of 2008 with respect to other-than-temporary impairments on Freddie Mac and Fannie Mae perpetual preferred stock which were recorded in prior periods.

On October 3, 2008 the Emergency Economic Stabilization Act of 2008 (the "Act") was adopted. Among other things, the Act provided tax relief to banking organizations that suffered losses on preferred stock holdings of Freddie Mac and Fannie Mae by changing the characterization of these losses from capital to ordinary for federal income tax purposes. As a result, the Company recognized a tax benefit in the fourth quarter of 2008 of approximately $2.1 million, or $1.56 per diluted share, on the prior Freddie Mac and Fannie Mae impairment charges which were recorded primarily in the second and third quarter of 2008.

Net interest income was $13.0 million for the years ended December 31, 2008 and 2007. Net interest spread for the year ended December 31, 2008 was 2.63%, compared to net interest spread of 2.39% for the year ended December 31, 2007. Net interest margin for the year ended December 31, 2008 was 2.84%, compared to net interest margin of 2.65% for the year ended December 31, 2007. The increase in net interest spread and net interest margin is primarily attributable to interest bearing liabilities repricing at significantly reduced rates in the 2008 period.

The Company's provision for loan losses was $640,000 and $655,000 for the years ended December 31, 2008 and 2007, respectively. Net loans charged off for the year ended December 31, 2008 totaled $348,000 compared to $661,000 for the year ended December 31, 2007. The Company establishes provisions for loan losses, which are charged to operations, in order to maintain the allowance for loan losses at a level which is deemed to be appropriate based upon an assessment of prior loss experience, industry standards, past due loans, economic conditions, the volume and type of loans in the Bank's portfolio, and other factors related to the collectibility of the Bank's loan portfolio.

Nonaccrual loans, as a percent of total net loans, were 1.00% as of December 31, 2008, compared to 0.53% as of December 31, 2007. Nonperforming assets, as a percentage of total assets, were 1.31% as of December 31, 2008, compared to 0.97% of total assets as of December 31, 2007. The Company continues to be pro-active in its approach to addressing and minimizing the financial impact of these assets evident by a 5 basis point decrease in nonaccrual loans and a minor 16 basis point increase in nonperforming assets during the fourth quarter 2008. The allowance for loan losses was $3.78 million, or 0.93% of total loans, at December 31, 2008, compared to $3.49 million, or 0.77% of total loans, at December 31, 2007.

The Company's noninterest income was $1.0 million and $7.4 million for the years ended December 31, 2008 and 2007, respectively. The decrease in noninterest income is primarily due to the $6.1 million other-than-temporary impairment on securities available-for-sale, primarily consisting of Freddie Mac and Fannie Mae perpetual preferred stock taken in the 2008 period. Excluding these impairment charges, noninterest income was $7.1 million for the year ended December 31, 2008.

As previously disclosed, the Company held Freddie Mac and Fannie Mae perpetual preferred stock at June 30, 2008 with a cost basis of approximately $4.2 million. On September 7, 2008, the Federal housing finance agency placed both Freddie Mac and Fannie Mae under conservatorship. This action did not eliminate the equity in Freddie Mac and Fannie Mae represented by the perpetual preferred stock, but did negatively impact its value. As a result, a non-cash other-than-temporary impairment charge of $3.85 million pre tax was recorded by the Company in the quarter ended September 30, 2008. This charge is in addition to the $1.66 million other-than-temporary charge taken during the second quarter of 2008. In the fourth quarter of 2008, the Company took an additional other-than-temporary charge of $57,000 on the remaining Freddie Mac perpetual preferred stock. As a result of the foregoing, the total other-than-temporary impairment charges relating to Freddie Mac and Fannie Mae perpetual preferred stock taken in 2008 were $5.57 million. The remaining $569,000 other-than-temporary charge taken is 2008 was primarily due to market value deterioration of an investment in certain mortgage backed securities.

The Company's noninterest expense was $14.5 million and $14.0 million for the years ended December 31, 2008 and 2007, respectively. The increase in noninterest expense during 2008 was primarily due to the write down of value in other real estate owned, information technology enhancements, and FDIC insurance premiums, offset in part by a decrease in salaries and employee benefits.

The Company's provision for income taxes was $(671,000) and $1.7 million for the years ended December 31, 2008 and 2007, respectively. The decrease in the provision for income taxes was mainly due to the decrease in income before taxes. The decrease in income before taxes was primarily due to the other-than-temporary impairment charges on Freddie Mac and Fannie Mae preferred stock as discussed above.

Total assets at December 31, 2008 were $479.2 million, compared to $510.2 million at December 31, 2007. Net loans decreased by $44.5 million, or 10%, to $402.4 million at December 31, 2008, from $446.9 million at December 31, 2007. The decrease in net loans was primarily due to payments, prepayments, and sales of loans, offset in part by the origination of one-to-four family residential, consumer loans, and the purchase of multi-family real estate loans. At December 31, 2008, net loans consisted of (i) $170.4 million of one-to-four family real estate representing a decrease of $27.5 million from December 31, 2007, (ii) $97.2 million of commercial real estate loans representing a decrease of $22.8 million from December 31, 2007, (iii) $57.5 million of multi-family real estate loans representing an increase of $1.4 million from December 31, 2007, and (iv) $77.3 million of consumer loans representing an increase of $4.4 million from December 31, 2007. The increase in cash and cash equivalents was primarily due to the reduction of net loans outstanding offset by the purchase of securities, decrease in deposits and a decrease in borrowed funds. The increase in securities available-for-sale was primarily due to the purchase of mortgage backed securities.

Deposits decreased $15.7 million, or 4.3%, to $350.2 million at December 31, 2008, from $365.9 million at December 31, 20(which included a decrease in brokered deposits of $8.8 million. Borrowed funds decreased $15.1 million, or 15.4%, to $82.3 r at December 31, 2008, from $97.4 million at December 31, 2007.

The Bank remains "well capitalized" for regulatory capital purposes. See the Selected Financial Ratios included in the Financial Highlights below. Stockholders' equity was $41.1 million at December 31, 2008 and $41.0 million at December 31, 2007. Book value, or stockholders' equity per share, was $30.57 at December 31, 2008, compared to $30.56 at December 31, 2007. The ratio of stockholders' equity to total assets was 8.57% at December 31, 2008, compared to 8.03% at December 31, 2007.

All stockholders of record on December 15, 2008, received a quarterly cash dividend of $0.01 per share on January 5, 2009. As of December 31, 2008, the Company had 1,343,448 shares of common stock outstanding.

As previously announced, on January 9, 2009 the Company completed the sale of $10.2 million in preferred stock and related warrants to the United States Treasury Department through the Capital Purchase Program. This transaction is not reflected in the Company's 2008 financial statements. Under the terms of the transaction, the Company issued 10,200 shares of cumulative preferred stock and a warrant to purchase 99,157 shares of FFFD common stock at an exercise price of $15.43 per share. The preferred shares bears an annualized dividend rate of 5 percent for the first five years it is outstanding, after which the dividend will increase to 9 percent. Although the Bank would have remained "well capitalized" without these funds, this new equity investment will further increase the capacity to support economic activity and growth in each of the communities served by the Bank through responsible lending.

About the Company and the Bank

North Central Bancshares, Inc. serves north central and southeastern Iowa at eleven full service locations in Fort Dodge, Nevada, Ames, Perry, Ankeny, Clive, West Des Moines, Burlington, and Mount Pleasant, Iowa through its wholly-owned subsidiary, First Federal Savings Bank of Iowa, headquartered in Fort Dodge, Iowa.

The Bank's deposits are insured by the Federal Deposit Insurance Corporation up to the full extent permitted by law.

Statements included in this press release and in future filings by North Central Bancshares, Inc. with the Securities and Exchange Commission, in North Central Bancshares, Inc. press releases, and in oral statements made with the approval of an authorized executive officer, which are not historical or current facts, are "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are subject to certain risks and uncertainties that could cause actual results to differ materially from historical earnings and those presently anticipated or projected. North Central Bancshares, Inc. wishes to caution readers not to place undue reliance on such forward-looking statements, which speak only as of the date made. The following important factors, among others, in some cases have affected and in the future could affect North Central Bancshares, Inc.'s actual results, and could cause North Central Bancshares, Inc.'s actual financial performance to differ materially from that expressed in any forward-looking statement: (1) competitive pressures among depository and other financial institutions may increase significantly; (2) revenues may be lower than expected; (3) changes in the interest rate environment may reduce interest margins; (4) general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit; (5) legislative or regulatory changes, including changes in accounting standards, may adversely affect the business in which the Company is engaged; (6) competitors may have greater financial resources and developed products that enable such competitors to compete more successfully than the Company; and (7) adverse changes may occur in the securities markets or with respect to inflation. The foregoing list should not be construed as exhaustive, and North Central Bancshares, Inc. disclaims any obligation to subsequently revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events.

For more information contact: David M. Bradley, Chairman, President and Chief Executive Officer, 515-576-7531

FINANCIAL HIGHLIGHTS OF NORTH CENTRAL BANCSHARES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Financial Condition
(Unaudited)
(Dollars in Thousands, except per share and share data)

	December 31, 2008	December 31, 2007
Assets		
Cash and cash equivalents	$ 16,282	$ 12,527
Securities available-for-sale	27,530	16,599
Loans (net of allowance of loan loss of $3,779 and $3,487, respectively)	402,387	446,857
Goodwill	4,947	4,947
Other assets	28,009	29,263
Total assets	$ 479,155	$ 510,193
Liabilities		
Deposits	$ 350,170	$ 365,948
Other borrowed funds	82,349	97,379
Other liabilities	5,567	5,889
Total liabilities	438,086	469,216
Stockholders' equity	41,069	40,977
Total liabilities and stockholders' equity	$ 479,155	$ 510,193
Stockholders' equity to total assets	8.57%	8.03%
Book value per share	$ 30.57	$ 30.56
Total shares outstanding	1,343,448	1,340,948

Condensed Consolidated Statements of Income
(Unaudited)
(Dollars in Thousands, except per share data)

	For the Three Months Ended December 31, 2008	For the Three Months Ended December 31, 2007	For the Years Ended December 31, 2008	For the Years Ended December 31, 2007
Interest income	$ 6,748	$ 7,694	$ 28,357	$ 31,119
Interest expense	3,453	4,603	15,317	18,153
Net interest income	3,295	3,091	13,040	12,966
Provision for loan loss	360	320	640	655
Net interest income after provision for loan loss	2,935	2,771	12,400	12,311
Noninterest income	1,282	2,049	1,001	7,392
Noninterest expense	3,556	3,563	14,491	14,044
Income/(loss) before income taxes	661	1,257	(1,090)	5,659
Income taxes	(1,823)	339	(671)	1,658
Net income/(loss)	$ 2,484	$ 918	$ (419)	$ 4,001
Basic earnings/(loss) per share	$ 1.85	$ 0.69	$ (0.31)	$ 2.96
Diluted earnings/(loss) per share	$ 1.85	$ 0.68	$ (0.31)	$ 2.93

Selected Financial Ratios

	For the Three Months Ended December 31, 2008	For the Three Months Ended December 31, 2007	For the Years Ended December 31, 2008	For the Years Ended December 31, 2007
Performance ratios				
Net interest spread	2.79%	2.34%	2.63%	2.39%
Net interest margin	2.98%	2.58%	2.84%	2.65%
Return on average assets	2.37%	0.71%	(0.08)%	0.77%
Return on average equity	24.25%	8.71%	(1.02)%	9.53%

	December 31, 2008	December 31, 2007
Capital ratios (First Federal Savings Bank of Iowa)		
Tangible	7.44%	6.96%
Core	7.44%	6.96%
Risk-based	11.30%	10.27%

*Exceeds Regulatory definition of "well capitalized"

First Federal Savings Bank of Iowa
Loans & Investments (January 1, 2009 through March 7, 2009)

	(dollars)	(number)
1-4 Family Originated	(b) (4) [redacted]	
1-4 Family Sold		
Total		
Multifamily		
Commercial		
Consumer		
Total Loans		
Mortgage Back Securities		
MBS Commitments		
Total MBS		
Total		