



Public Disclosure

April 26, 1999

Community Reinvestment Act Performance Evaluation

**Standing Stone National Bank
Charter Number: #21603**

**137 West Wheeling Avenue
Lancaster, Ohio 43130**

**Comptroller of the Currency
Central Ohio Field Office
325 Cramer Creek Court, Suite 202
Dublin, Ohio 43017**

Note: 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.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **Standing Stone National Bank** prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **April 26, 1999**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution meets the requirements for a rating of **Satisfactory** record of meeting credit needs in the community.

The bank's loan-to-deposit ratio is reasonable when compared with ratios of its peer banks over the most recent three-year period. Our review of the bank's lending patterns indicates that a majority of the bank's activity occurs within its assessment area and is reasonably dispersed throughout that area. We also found the bank's lending to borrowers of different income levels and businesses of different sizes is reasonable.

Description of Institution:

Standing Stone National Bank (SSNB) is a small independent community bank operating one full service office with an on-premises ATM. SSNB is in Lancaster, Ohio, which is approximately 30 miles southeast of Columbus, Ohio. Out of that one office, the bank offers primarily retail banking products and services, with limited commercial business. Competition comes from branches of four regional commercial banks, branches of two much larger community banks, a savings and loan association, and representatives of a mortgage company and a finance company. No legal or financial impediments are evident that could restrict the institution's ability to serve the community's credit needs. The bank's last CRA rating was satisfactory as of February 23, 1996.

As of December 31, 1998, the bank has \$50.2 million in total assets and gross loans of \$24.2 million. The bank's net loans represented 48% of its total assets. Loans to individuals represent 51% of the loan portfolio. Loans secured by one-to-four family residential properties are 29% of gross loans, with commercial and commercial real estate loans accounting for 18% of the portfolio.

Description of Assessment Area:

The bank's Assessment Area (AA) is within the Columbus, Ohio Metropolitan Statistical Area (MSA) 1840. It consists of five moderate-income census tracts (29%), eleven middle-income census tracts (65%), and one upper-income census tract (6%), covering the southern two-thirds of Fairfield County, centered around the county seat of Lancaster. The bank's AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate-income areas. The updated December 1998 median family income of the MSA is \$50,600. As of December 31, 1998, 23% of the families in the AA are classified as low-income, 23% are classified as moderate-income, 25% are classified as middle-income, and 29% are classified as upper-income. Small businesses, those with revenues of less than \$1,000,000, account for 91% of the business entities throughout the AA.

Lancaster's economy is healthy and growing. The make up of the economy has changed from being heavily weighted in manufacturing to a more even balance between manufacturing, service, and retail/commercial interests. The largest employers are Anchor Hocking Consumer Glass, Diamond Power Specialty Company, and Ralston Purina Company. As of March 1999, Fairfield County's unemployment rate of 3.0% compares favorably with the state of Ohio's rate of 4.3% and the National rate of 4.4%.

Our discussions with community contacts, including an economic development director and a community development director, indicate that financial institutions are meeting community credit needs. The community contacts identified credit needs as housing for low-income families, small business financing, and consumer loans.

Conclusions with Respect to Performance Criteria:

Loan-to-Deposit Ratio -

The bank's loan-to-deposit (LTD) ratio is reasonable when compared with ratios of national peer banks. Over the past 13 quarters, the bank's LTD ratio averaged 64.9%. This is in line with the national peer bank average of 65.1%. We did not compare this bank's LTD ratio with banks in its AA. This is because all of the other banks service a much larger area than SSNB.

Lending in Assessment Area -

A majority of the bank's loans are made within its AA. Over the last three years, the bank originated 230* home loans subject to the reporting requirements of the Home Mortgage Disclosure Act (HMDA). The bank made 193, or 84%, of those loans in its AA. We also sampled a total of 45 consumer, commercial, and commercial real estate loans made since the bank's last CRA examination. Eighty-nine percent of those loans were made with the AA.

* - This number is adjusted from the bank's HMDA information reported to the Federal Reserve due to material errors in the reported data.

Lending to Borrowers of Different Income and Businesses of Different Sizes -

Based on the demographics of its AA, the bank's lending to borrowers of different income levels and businesses of different sizes is reasonable. Based on the HMDA reportable loans made over the last three years, the bank made 13% of its home loans to low-income families; 26% to moderate-income families; 28% to middle-income families; and 33% to upper-income families. Based on our sample of consumer loans originated since February 1996, the bank made 27% to low-income borrowers; 41% to moderate-income borrowers; 18% to middle-income borrowers; and 14% to upper-income borrowers. In its commercial and commercial real estate portfolios, the bank makes 78% of its loans to small businesses based on our sample of loans made since February 1996. This performance reflects the bank is helping to meet identified credit needs in the community.

Geographic Distribution of Loans -

The following tables illustrate that the bank's geographic distribution of loans reflects reasonable dispersion throughout its AA.

<u>DISTRIBUTION OF 1-4 FAMILY RESIDENTIAL HMDA LOANS IN THE AA (193*)</u>		
	% of total owner occupied units in each type of tract	% of HMDA loans originated in each type of tract
Moderate-Income Tracts (5)	19%	29%
Middle-Income Tracts (11)	75%	69%
Upper-Income Tract (1)	6%	2%

* - This number is adjusted from the bank's HMDA information reported to the Federal Reserve due to material errors in the reported data.

<u>DISTRIBUTION OF LOANS TO INDIVIDUALS IN THE AA (22)</u>		
	% of total population in each type of tract	% of loan sample in each type of tract
Moderate-Income Tracts (5)	23%	27%
Middle-Income Tracts (11)	72%	73%
Upper-Income Tract (1)	5%	0%

<u>DISTRIBUTION OF COMMERCIAL AND COMMERCIAL REAL ESTATE LOANS IN THE AA (18)</u>		
	% of total businesses in each type of tract	% of loan sample in each type of tract
Moderate-Income Tracts (5)	43%	44%
Middle-Income Tracts (11)	56%	56%
Upper-Income Tracts (1)	1%	0%

Based on the total sampled consumer, commercial, and commercial real estate loans in its AA (40), the bank made 35% in the five moderate-income tracts and 65% in the eleven middle-income tracts. Based on the HMDA data for the last three years, and the consumer and commercial/commercial real estate loan samples, the bank had little activity in the one upper-income tract. The tract is on the northern edge of Fairfield county bordering Columbus. According to the bank, most of the individuals in that area travel to Columbus for their banking.

Consumer Complaints -

No complaints relating to the bank's CRA performance have been submitted about the bank since our previous examination.

Other -

Based on our review of applications for individual auto loans, we found no evidence of discriminatory or other illegal credit practices on any prohibited basis. We tested 46 denied single female applicants and compared them with 42 approved male applicants from October 1, 1998, to March 31, 1999.