



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

May 29, 2012

COMMUNITY REINVESTMENT ACT

PERFORMANCE EVALUATION

Standing Stone National Bank
Charter Number 21603

137 West Wheeling Street
Lancaster, Ohio 43130

Office of the Comptroller of the Currency

West Lake Center
4555 Lake Forest Drive, Suite 610
Cincinnati, OH 45242-3760

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.

INSTITUTION'S CRA RATING: Outstanding

Standing Stone National Bank (SSNB) has excellent responsiveness to the credit needs of its assessment area (AA), consistent with its resources and capabilities. We based this assessment on the following lending conclusions:

- The bank makes a majority of its loans within the identified AA.
- The distribution of loans, given the demographics of the AA, reflects excellent penetration among borrowers of different income levels and businesses of different sizes.
- The geographic distribution of all loan types reflects excellent dispersion throughout the AA.
- The bank's average loan-to-deposit ratio since the previous CRA examination is reasonable.

SCOPE OF EXAMINATION

The purpose of the examination was to assess the bank's performance relative to the Community Reinvestment Act (CRA). The review period for this examination was January 1, 2010 through December 31, 2011. We used Small Bank CRA examination procedures, which focus on the bank's lending performance. We determined that the bank's primary lending products during the review period were One-to-Four family residential mortgage loans (purchase, refinance, or home improvement), commercial loans, and consumer installment loans. Our review focused on loans originated in these loan types during the evaluation period (January 1, 2010 through December 31, 2011). We performed a data integrity review of Home Mortgage Disclosure Act (HMDA) loans reported during the review period. In addition to the 2010 and 2011 HMDA data, we randomly selected and tested sixty consumer-installment loans and twenty commercial purpose loans also originated during the review period as a representative sample. We based our conclusions on these samples, with the borrower income penetration and geographic dispersion performance criteria weighted heavier.

DESCRIPTION OF INSTITUTION

Standing Stone National Bank (SSNB) is located in Lancaster, Ohio, which is about 30 miles southeast of Columbus, Ohio. SSNB, Inc., a one-bank holding company, is the sole shareholder of the bank. Besides its main office, SSNB has a full-service branch also located in Lancaster, Ohio. SSNB offers retail and commercial banking products and services. The bank's business strategy is to offer retail banking services, including loans and deposit services, to the local community. No legal or financial impediments exist that could restrict this bank's ability to meet the credit needs of its assessment

area. The previous CRA examination conducted in November 2005 resulted in a rating of “Satisfactory”.

As of December 31, 2011, the bank had \$80.2 million in total assets, \$59.1 million in total deposits, \$45.2 in net loans and \$6.5 million in Tier One capital. According to the FDIC’s June 30, 2011 Deposit Market Share Report for Fairfield County, the bank had a 3.41% market share and had the 9th largest (out of a total of 18 financial institutions) market share in the county. Please refer to the CRA Public File for further information.

LOAN PORTFOLIO MIX As of December 31, 2011		
Loan Type	Dollar Volume (in 000's)	Percent of Gross Loans
One-to-Four Family Residential Real Estate Loans	18,998	42%
Consumer-Installment Loans	3,095	7%
Commercial and Commercial Real Estate Loans	21,403	47%
All other loans	1,701	4%
TOTAL GROSS LOANS	45,197	100%

Source: December 31, 2011 Consolidated Report of Condition and Uniform Bank Performance Report.

DESCRIPTION OF ASSESSMENT AREA(S)

SSNB's assessment area (AA) consists of seven moderate-income census tracts (CT), eight middle-income CTs, and one upper-income CT covering the southern two-thirds of Fairfield County. The entire AA is within the Columbus, Ohio Metropolitan Statistical Area (MSA) #1840. The 2010 Updated Median Family Income for the Columbus MSA was \$68,600, and the 2011 Updated Median Family Income for the Columbus MSA was \$66,600. Please refer to the various tables in the **Conclusions About Performance Criteria** section of this document for demographic data used to evaluate this bank's lending performance. SSNB's AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate-income area.

AA CENSUS TRACT CHARACTERISTICS						
	Moderate-Income Tracts		Middle-Income Tracts		Upper-Income Tracts	
	Total # of Tracts	List of Tracts	Total # of Tracts	List of Tracts	Total # of Tracts	List of Tracts
US 2000 Census Data	7	314, 315, 316, 317, 320, 322, 323	8	309, 310, 311, 312, 313, 321, 325, 326	1	308

Available lending opportunities within the assessment area include small business, small farm, residential, and consumer loans, as well as participation in local community development organizations' lending programs. Competition for loans is strong and

comes from local community financial institutions with offices within the AA (Credit Unions, Savings & Loans Banks, and Commercial Banks), and large regional and/or national financial institutions including mortgage brokerages that may or may not have offices within the AA.

The largest industries in Fairfield County include service providers such as trade, transportation, and utilities; professional and business services; education and health services; and hospitality. Federal, state, and local governments account for approximately 17 percent of total employment within the county. Major employers include Anchor Hocking Corporation, Cyril-Scott Company, Fairfield Medical Center, Glasfloss Industries, Kroger Company, McDermott International Diamond Power, Nifco America, Ralcorp/Ralston Foods, Westerman Companies, local school districts, and county/state government.

The current recession has negatively affected the local economy. The Fairfield County unemployment rate in 2007 was 5.0 percent and increased to 8.5 percent by 2009, topping out at 8.9 percent in 2010. The 2011 unemployment rate for Fairfield County is 7.7 percent and compares favorably to the state unemployment rate of 8.6 percent and the national rate of 8.9 percent.

AA INCOME COMPOSITION AS A PERCENTAGE OF MEDIAN FAMILY INCOME					
2000 U.S. Census Data	Low-Income Families	Moderate-Income Families	Middle-Income Families	Upper-Income Families	Families Below Poverty Level
	22%	24%	26%	29%	6%

Based on our review of recent CRA performance evaluations performed for other institutions within this AA, financial institutions serving this AA are meeting the credit needs of the community. Interviews we performed with community contacts confirmed that financial institutions in the AA are meeting the credit needs of the community. Local credit needs include home mortgage financing, especially for low- and moderate-income families, and small business financing, especially funds to improve/revitalize the downtown area of Lancaster and the downtown areas of the surrounding townships and villages.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

- SSNB’s performance under the lending test is outstanding.

Loan-to-Deposit Ratio

- This bank’s loan-to-deposit (LTD) ratio is reasonable when compared with the performance of other similarly situated banks within its AA. The current LTD, as of March 31, 2012, is 73.71 percent.

Since the previous CRA examination, this bank's quarterly LTD ratio averaged 70 percent. This compares with the average quarterly LTD ratio of 68 percent for all similarly situated banks within this bank's AA over the same period. Similarly situated banks included eight commercial banks with total assets less than \$100 million with at least some deposit activity within the Columbus, Ohio MSA as of March 31, 2012.

Lending in Assessment Area

- The bank makes a majority of its loans within its assessment area (AA).

The bank's record of lending within the AA is reasonable. The following table details SSNB's lending activity within the AA by number and dollar volume. This table demonstrates that the bank makes a majority of its loans inside the bank's AA.

Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans (in 000's)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
One-to-four family Residential Real Estate Loans	69	77%	21	23%	90	\$5,333	76%	\$1,689	24%	\$7,022
Consumer-Installment Loans	45	75%	15	25%	60	\$371	65%	\$201	35%	\$572
Commercial Loans	16	80%	4	20%	20	\$3,432	79%	\$913	21%	\$4,344
Totals	130	76%	40	24%	170	\$9,136	77%	\$2,803	23%	\$11,938

Note: Loans found outside the AA were excluded from analysis under the other lending performance criteria. The four commercial loans found outside of the AA were replaced by four additional loans made inside the AA.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

- The bank's performance reflects excellent penetration when compared to the AA's demographic make-up. The bank lends to borrowers of different income levels, especially low- and moderate-income borrowers and businesses of different sizes. Please refer to the data in the following tables for support of this conclusion.

Borrower Distribution of Home Mortgage Loans made in AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Mortgage	22%	28%	24%	26%	26%	25%	29%	21%

Source: Reported home mortgage loans originated during 2010 and 2011.

SSNB’s home loans to low-income families significantly exceed demographic comparators for the AA. Loans to moderate-income families exceed demographic comparators, as well. This is especially noteworthy because 6 percent of AA families have income below the poverty level and would have trouble meeting credit standards for home ownership and affording the median housing cost of \$109,613.

Borrower Distribution of Consumer Installment Loans made in the AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Installment Loans	24%	29%	20%	29%	22%	24%	35%	18%

Source: 45-loan random sample of consumer installment loans originated within the AA during 2010 and 2011.

SSNB’s distribution of loans to low- and moderate income consumer installment-loan borrowers significantly exceeds the percentages of AA low- and moderate-income households. Based on our sample, 29 percent of loans to consumer installment-loan borrowers in the AA went to low-income borrowers and 29 percent went to moderate-income borrowers. This compares favorably with AA demographic information showing 24 percent of households have low-incomes and 20 percent have moderate-incomes based on 2000 United States Census information. Again, this level of lending to low-income borrowers is especially noteworthy because 8 percent of the AA’s households have incomes below the poverty level.

Borrower Distribution of Loans to Businesses made in the AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	69%	3%	28%	100%
% of Bank Loans in AA by #	90%	10%	NA	100%
% of Bank Loans in AA by \$	97%	3%	NA	100%

Source: 20-loan random sample of commercial loans originated during 2010 and 2011

SSNB makes the majority of its commercial loans to small businesses. Given the high level of businesses with unknown/unavailable income, comparison with demographic information was given less weight for conclusions.

Geographic Distribution of Loans

- This bank’s geographic distribution of loans reflects excellent dispersion to all areas within the AA, including moderate-income areas.

The lending area has no low-income CTs. The bank’s lending in moderate-income areas is excellent and exceeds the demographic comparators for all primary lending products (home mortgage loans, consumer installment loans, and commercial loans). Please refer to the data in the following tables for support of this conclusion.

Geographic Distribution of Home Mortgage Loans made in AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing
Home Mortgage	0.00	0.00	35%	41%	58%	56%	7%	3%

Source: Reported home mortgage loans originated during 2010 and 2011.

Geographic Distribution of Consumer Loans made in the AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	Loan Type	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households
Consumer Loans	0%	0%	44%	47%	51%	49%	5%	4%

Source: 45-loan random sample of consumer installment loans originated during 2010 and 2011.

Geographic Distribution of Commercial Loans to Businesses made in the AA				
Census Tract Income Level	Low	Moderate	Middle	Upper
% of AA Businesses	0%	41%	52%	7%
% of Number of Loans	0%	60%	40%	0%

Source: 20-loan random sample of commercial loans originated during 2010 and 2011

We did not identify any conspicuous gaps or areas of low penetration in the bank’s lending patterns.

Responses to Complaints

Neither bank management nor our office received any complaints regarding this bank’s CRA performance.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c) *in determining a national bank’s CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.*

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.”