



SMALL BANK

Comptroller of the Currency
Administrator of National Banks
Washington, DC 20219

PUBLIC DISCLOSURE

November 7, 2005

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Standing Stone National Bank
Charter Number 21603**

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

**Comptroller of the Currency
Central Ohio Field Office
325 Cramer Creek Court, Suite 101
Dublin, Ohio 43017-3577**

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

This institution is rated Satisfactory.

- A majority of the bank's lending activity occurs within its assessment area and it is reasonably dispersed throughout the area, especially to moderate-income areas.
- The bank's lending activity reflects reasonable distribution to borrowers of different income levels, especially low- and moderate-income borrowers.
- The bank's loan-to-deposit ratio is reasonable when compared with similarly situated banks within its assessment area.

DESCRIPTION OF INSTITUTION

Standing Stone National Bank (SSNB) is owned by a one-bank holding company, SSNB, Inc. Both the bank and its holding company are located in Lancaster, Ohio, which is about 30 miles southeast of Columbus, Ohio. The bank has no other affiliates. Besides its main office, SSNB has a full-service branch also located in Lancaster, Ohio. While SSNB offers retail and commercial banking products and services, its primary lending focus is automobile financing for individual consumers. No legal or financial impediments exist that could restrict this bank's ability to meet the credit needs of its assessment area. SSNB's last CRA examination commenced on April 26, 1999, and a "Satisfactory" rating was assigned at that examination.

As of September 30, 2005, the bank had \$67.2 million in total assets, \$50.9 million in total deposits, and \$37.7 in net loans. According to the FDIC's June 30, 2005 Deposit Market Share Report for the City of Lancaster, the bank had a 5.35% market share and had the 6th largest (out of a total of ten financial institutions) market share in the city.

DESCRIPTION OF ASSESSMENT AREA

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, and is centered around the county seat of Lancaster. This entire AA is within the Columbus, Ohio Metropolitan Statistical Area (MSA) #1840. The 2003 Updated Median Family Income for the Columbus, Ohio MSA was \$63,800, and the 2004 Updated Median Family Income for the Columbus, Ohio MSA was \$60,600. As of the 2000 Census, the total population of this AA was 72,595 with 27,654 households and 29,247 total housing units. Please refer to the various tables in the **Conclusions About Performance Criteria** section of this document for relevant demographic data used to evaluate this bank's lending performance. This bank's AA complies with all regulatory requirements and does not arbitrarily exclude any low- or moderate-income area.

Competition for loans and deposits is strong and comes from three local financial institutions, nine larger regional and/or national financial institutions with branches in Lancaster, and two local credit unions. The largest industries in Fairfield County include the State and local governments, retail trade, manufacturing, health care and social services, and accommodation and food services. The major employers include Newell Rubbermaid/Anchor Hocking (manufacturing), Fairfield Medical Center (health care), the State of Ohio, and Meijer, Inc. (retail). Of significance, less than 50% of Fairfield County residents actually work in the county. While the overall economic conditions are decent, economic growth is limited, as wages and employment have not fully recovered from the most recent recession. While the county's unemployment rate of 5.0%, as of September 2005, compares favorably with the State of Ohio's unemployment rate of 5.6%, it is higher than the national unemployment rate of 4.8%.

Based on our review of recent CRA performance evaluations performed for other institutions within this AA and one community contact we performed during this examination, community

credit needs are being met by the financial institutions serving this AA. These 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. In addition, according to the community contact, financial institutions are pretty aggressive in approving loan requests from qualified home loan applicants and for viable business projects. Lastly, it does appear that financial institutions are taking full advantage of community development opportunities within this AA.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

- Based on criteria for the CRA Lending Test, this bank's lending performance is satisfactory.

To evaluate this bank's CRA lending performance, we focused on this bank's: loan-to-deposit ratio since its last CRA examination and compared it to similarly situated banks within its assessment area (AA); record of lending in its AA; geographic distribution of lending to all areas in its AA, especially moderate-income areas; and record of lending to borrowers of different income levels within its AA, especially low- and moderate-income borrowers. We reviewed lending activity for all of 2003, 2004 and year-to-date 2005. The bank's primary lending product was consumer loans, which accounted for 90%, based on the number, and 62%, based on the dollar amount, of loan originations during this review period. Since 2003, business loans accounted for only 6% of the number and 22% of the dollar amount of loan originations, and residential mortgage loans were only 4% of the number and 16% of the dollar amount of loan originations.

To assess the bank's record of lending in its assessment area, we randomly selected 20 consumer loans, regardless of the borrower's address/location, originated during the review period. To evaluate the bank's geographic and borrower distribution, we sampled a total of 60 consumer loans, within the AA, made during the review period.

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.

Since the last CRA examination, this bank's quarterly LTD ratio averaged 64%. This compares with the quarterly LTD ratio average of 76% for all similarly situated banks within this bank's AA over the same time period. Similarly situated banks included all 13 commercial banks with total deposits less than \$100 million with at least some deposit activity within the Columbus, Ohio MSA as of June 30, 2005. While this bank's quarterly LTD ratio average is lower than the quarterly LTD ratio average for all 13 banks, it is more consistent with the quarterly LTD ratio average of 70% for the one other bank located in Lancaster. In addition, this bank's performance is within the range of 59% to 102%, which is the span of quarterly averages exhibited by each similarly situated bank since the date of this bank's last CRA examination.

Lending in Assessment Area

- A majority of this bank's lending activity occurs within its AA.

This bank made 80% of loans reviewed based on number and 85% of loans based on dollar amount within its AA. This performance was based on the random sample of 20 loans originated between January 1, 2003, and year-to-date 2005.

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

- This bank's lending to borrowers of different incomes, especially low- and moderate-income borrowers, is reasonable when compared with the demographics of its AA. Please refer to the data in the following table for support of this conclusion.

Borrower Distribution of Consumer Loans made in 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 Loans	23.78	13.33%	19.89	23.33%	21.98	43.34%	34.53	20.00%

Source: Random sample of 60 loans originated during evaluation period.

Lending to low-income borrowers is less than the demographics of the AA. A factor affecting the low penetration to low-income borrowers is that 8% of the households in this AA live below the poverty. Another factor that supports the conclusion for this performance criterion is that lending to moderate-income borrowers exceeds the demographics of the AA.

Geographic Distribution of Loans

- This bank's geographic distribution of loan reflects reasonable dispersion to all areas within the AA, including moderate-income areas. Please refer to the data in the following table for support of this conclusion.

Geographic Distribution of Consumer Loans made in AA						
Census Tract Income Level	Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	43.97%	53.33%	50.72%	45.00%	5.31%	1.67%

Source: Random sample of 60 loans originated during evaluation period.

Our analysis reflected lending in most tracts and there were no 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. Therefore, this performance criterion is not applicable.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of illegal discrimination or other illegal credit practices.