



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 15, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Stebbins National Bank Of Creston
Charter Number 14709**

**121 North main Street
Creston, OH 44217**

**Comptroller of the Currency
ADC-Northern Ohio
3 Summit Park Drive, Suite 530
Independence, OH 44131**

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 institution's performance is primarily based on the following:

- Excellent borrower distribution of home mortgage loan and consumer loan originations;
- A reasonable percentage of home mortgage loans and consumer loans originated in the assessment area (AA); and
- A reasonable average loan-to-deposit ratio.

DESCRIPTION OF INSTITUTION

Stebbins National Bank of Creston (SNB) is a wholly owned subsidiary of Stebbins BancShares, a one-bank holding company located in Creston, Ohio. SNB's bank structure consists of one location that is located in Creston. This office is a full service office with a full service ATM and a drive through facility. There were no mergers or acquisitions during this evaluation period.

Regulatory Financial Reports as of March 2003 reported SNB total assets of \$29 million. SNB had net loans of \$13.7 million with a total assets/net loans ratio of 46.64%. SNB's lending focus is disseminated into various lending products including commercial loans, consumer loans, farm loans, home equity, and home improvement loans. Table 1 below provides the dollar amount and the percentage of SNB's lending products.

Loan Type	Amount Outstanding (In thousands)	Percentage of Loan Portfolio
Residential and Residential Real Estate	7,381	53.93%
Commercial and Commercial Real Estate	2,431	17.76%
Farm Loans	896	6.55%
Consumer Loans	2,973	21.72%
Other	5	0.04%
TOTAL LOANS	13,686	100.00%

According to the latest FDIC deposit statistics as of June 30, 2002, SNB has the fourth largest deposit base (10.60%) of all financial institutions in the AA. There are three other financial institutions in the AA with a significant deposit base that ranges from 22.70% to 26.94%.

There are no financial or legal constraints that impede SNB from meeting community credit needs. As of March 2003, SNB had Tier 1 Capital of \$3.2 million. SNB received a Satisfactory rating in the previous CRA Performance Evaluation dated January 23, 1998.

DESCRIPTION OF WAYNE/MEDINA COUNTIES

SNB designated its AA as portions of Wayne County in the Cleveland/Lorain metropolitan statistical area (1680) and portions of Medina County non-metropolitan area that is adjacent to Wayne County. Table 2 below provides demographic information on the AA.

TABLE 2 - DEMOGRAPHIC INFORMATION FOR THE AA					
Demographic Characteristics	#	Low % Of #	Moderate % Of #	Middle % Of #	Upper % Of #
Geographies (Census Tracts/BNAs)	5	0.00%	0.00%	80.00%	20.00%
Population by Geography	16,269	0.00%	0.00%	84.92%	15.08%
Owner-Occupied Housing by Geography	4,547	0.00%	0.00%	85.64%	14.36%
Business by Geography	796	0.00%	0.00%	88.19%	11.81%
Farms by Geography	159	0.00%	0.00%	71.07%	28.93%
Family Distribution by Income Level	4,642	12.71%	15.86%	26.48%	44.96%
Distribution of Households by Income	5,652	15.40%	14.60%	20.50%	49.50%
Families throughout AA Geographies	1,326	0.00%	0.00%	88.46%	11.54%
MEDIAN FAMILY INCOME	37,617				
MEDIAN HOUSING VALUE	69,802				
HUD Adjusted Family Income for 2002	53,220				
Households Below Poverty Level	7.61%				

Source: 1990 U.S. Census

The AA is rural and consists of two middle-income census tracts located in Wayne County, and two middle-income and one upper-income block numbering areas (BNAs) located in Medina County. The AA ranges approximately ten miles to the north and less than seven miles to the east, west, and the south. The AA is legal and the bank did not arbitrarily exclude any low- or moderate-income geographies.

SNB is located in the middle-income BNA in Wayne County. SNB is the only financial institution headquartered in the city of Creston. There is no major industry with the AA. Data provided through the Ohio State University Extension and the Department of Human and Community Resource Development (1998) indicated that within the AA, a significant number of persons commute to nearby counties, primarily Cuyahoga County, for employment.

According to the FDIC deposit statistics as of June 30, 2002, six other financial institutions besides SNB have an office in the AA. A significant number of larger financial institutions originate loans in the AA and present a high level of competition. Available public home mortgage data published through the 2001 Home Mortgage Disclosure Act (HMDA) data indicates that FirstMerit Bank, N.A. (Akron, Ohio), a \$10.5 billion financial institution and its subsidiary FirstMerit Mortgage Corporation (Canton, Ohio) dominate the AA's home mortgage loan market. FirstMerit Bank, N.A. also is a major lender of small loans to businesses. In general, other competitors in the AA include large out-of-the-area mortgage and finance companies. Wayne County National Bank dominates small lending to farms. There was no available information on competitors of consumer lending.

Medina County Portion of AA

Medina County is located in the northeast portion of the state of Ohio. The Medina County portion of the AA includes Rittman City, the villages of Seville, Westfield Center, Gloria Glens Park, and the townships of Westfield and Guilford. Larger more populated and metropolitan areas such as the cities of, Medina, Wadsworth and Brunswick are outside of this AA approximately 12 to 19 miles. The main industries in Medina County are services, trade, and manufacturing. Major employers include Medina General Hospital and MTD Products, Inc. A large portion of the labor force commutes to nearby counties, particularly Cuyahoga and Summit Counties, for employment. The unemployment rate for Medina County normally is below that of the State of Ohio. The state of Ohio's unemployment rates ranged between 4.0% and 5.7% for the period 2000 through 2002. Annual average unemployment rates in Medina County for 2000, 2001, and 2002 are 3.4%, 3.7%, and 5.3%, respectively. However, in March 2003, Medina County at 6.6% exceeded the State of Ohio rate at 6.5%.

Wayne County Portion of AA

Wayne County is located in the northeast portion of the state of Ohio. This area is primarily rural. The Wayne County portion of the AA includes the townships of Canaan, Congress, Wayne, Chester, and Milton, and the villages of Burbank and Creston. The largest city in Wayne County is Wooster that is outside of the bank's AA, approximately 13 miles from Creston. The main industries in Wayne County are manufacturing and trade. Major employers include JM Smucker, Wooster Brush, and the College of Wooster. The unemployment rate for Wayne County is normally below that of the State of Ohio's that ranged 4.0% - 5.7% for the period 2000 through 2002. Annual average unemployment rates in Wayne County for 2000, 2001, and 2002 are 3.2%, 3.8%, and 4.7%, respectively. As of March 2003, Wayne County's unemployment rate of 5.5% remained below that of the Sate of Ohio's unemployment rate of 6.5%.

Other

Community development organizations and opportunities are limited within the AA. We identified approximately three community organizations and two international organizations that provide services to low- and moderate-income persons. We contacted a government representative of the Village of Creston to ascertain any community credit needs. Identified credit needs include greater availability of home mortgage lending on a local level. SNB's lending of home mortgage loans, particularly to low- and moderate-income borrowers was excellent. Currently most credit needs are being met.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

SNB's lending activities were evaluated for the periods of 2001, 2002, and January through March 2003. The institution's internal records of loans originated during that time period were reviewed to ascertain the institution's primary lending products. We determined SNB's primary loans products were home mortgages and consumer loans based on a significant number and dollar amount of originations. To analyze SNB lending performance we conducted random samples of home mortgage loans and consumer loans originated during the above timeframe. A sample was taken of 20 home mortgage loans with originations aggregating \$820,775. A sample was also taken of 20 consumer loans with originations aggregating \$169,160.

Loan-to-Deposit Ratio

SNB's loan to deposit ratio is reasonable in light of peer bank performance. Quarterly loan to deposit ratios were obtained from regulatory financial report data listed by the Federal Deposit Insurance Corporation. We considered peer banks as similarly situated financial institutions with assets of \$100 million or less and located in Wayne and Medina Counties. SNB's average quarterly loan to deposit ratio is 69.51%. The average covers the period from fourth quarter 1997 through first quarter 2003, or 22 quarters. Three institutions met the peer criteria and all had higher loan to deposit ratios than SNB. The average quarterly loan to deposit ratio for the peer banks ranged between 80.52% and 96.28%. One of the peer's data covered 18 months; its data was not reported for the first four quarters of this review period.

Lending in Assessment Area

SNB originated a reasonable percent of its home mortgage loans and consumer loans in its AA. Based on the loans sampled, SNB originated 70% of the home mortgage loans and 70% of the consumer loans within its AA.

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

Lending to Borrowers of Different Incomes is excellent. SNB's percentage of both home mortgage loan and consumer loan originations to both the low-income and the moderate-income borrowers exceeded the percentage of low-income and moderate-income families in the AA. Tables 3 and 4 provide the number and total dollar of loans originations by borrower's income level, and those numbers as a percentage of the total number and dollar of loans originated.

Home Mortgage Loans

Half of the 20 home mortgage loans sampled were originated to low-income and moderate-income borrowers. The percentage of SNB's originations of both home mortgage loans to low-income and moderate-income borrowers exceeded the percentage of families of those income levels in the AA.

TABLE 3 – HOME MORTGAGE LOANS – BORROWER DISTRIBUTION					
Families in AA By Income Level	Number of Loans in the Sample #	Percentage of Number	Total Dollar Amount of Originations	Percentage of Total Dollar Amounts Originated	% Families by Income Level in the AA
LOW-INCOME	6	30.00%	217,006	26.44%	12.70%
MODERATE-INCOME	4	20.00%	95,383	11.62%	15.86%
MIDDLE-INCOME	7	35.00%	400,251	48.77%	26.48%
UPPER-INCOME	3	15.00%	108,135	13.17%	44.96%
TOTALS	20	100.00%	820,775	100.00%	100.00%

Consumer Loans

Over half of the 20 consumer loans sampled were originated to low-income and moderate-income borrowers. The percentage of SNB's originations of both consumer loans to low-income and moderate-income borrowers exceeded the percentage of households of those income levels in the AA.

TABLE 4 – CONSUMER LOAN – BORROWER DISTRIBUTION					
Families in AA By Income Level	Number of Loans in the Sample #	Percentage of Number	Total Dollar Amount of Originations	Percentage of Total Dollar Amounts Originated	% Households by Income Level
LOW-INCOME	8	40.00%	47,297	27.96%	15.40%
MODERATE-INCOME	7	35.00%	74,987	44.33%	14.60%
MIDDLE-INCOME	4	20.00%	31,801	18.80%	20.50%
UPPER-INCOME	1	5.00%	15,075	8.91%	49.50%
TOTALS	20	100.00%	169,160	100.00%	100.00%

Geographic Distribution of Loans

SNB's AA has no low- or moderate-income geographies. An analysis of the geographic distribution would not be meaningful.

Responses to Complaints

SNB has not received any complaints regarding its performance in helping to meet credit needs in the AA during this evaluation period.

Fair Lending Review

An analysis of 2001 and 2002 public comments and consumer complaint information was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 2000.