

# **Public Disclosure**

December 16, 1996

## **Community Reinvestment Act Performance Evaluation**

**STAR BANK, N.A.  
Charter Number 24**

**425 Walnut Street  
Cincinnati, Ohio 45202**

**Office of the Comptroller of the Currency  
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**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.**

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## 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 **Star Bank, N.A.** (Star) prepared by **The Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **December 16, 1996**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. 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 is rated "**Outstanding record of meeting community credit needs**". The **prior** Public Evaluation dated November 4, 1994 resulted in an outstanding rating.

### Major Factors Supporting the Institution's Rating

- An excellent responsiveness to credit needs in its assessment areas.
- An excellent distribution of loans among borrowers.
- A high level of community development lending.
- A retail delivery system that is readily accessible.
- An extensive system of alternative delivery systems is available to all assessment areas.
- A significant level of qualified investments.

The following table indicates the performance level of **Star** with respect to the lending, investment, and service tests.

Performance Levels	Star Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
<b>Outstanding</b>	X		X
<b>High satisfactory</b>		X	
<b>Low satisfactory</b>			
<b>Needs to improve</b>			
<b>Substantial noncompliance</b>			

\* Note: The lending test is weighted more heavily than the investment and service tests when

arriving at an overall rating.

## DESCRIPTION OF INSTITUTION

Star is owned by Star Banc Corporation Inc. and operates a branching network throughout Ohio, the central and northern portions of the State of Kentucky and the eastern and southeastern portions of the State of Indiana. Star Banc Corporation (as is Star), is headquartered in Cincinnati, Ohio and had total assets of \$9.6 billion as of June 30, 1996. Star is a full service institution. Star's primary business focus is on consumer, commercial and trust financial products.

There are no impediments which would hamper the bank's ability to help meet the needs of its communities. Star has a strong capacity to serve the community's credit needs. Table 1 depicts several key balance sheet totals for Star.

Net Loans	7,048,582	Total Deposits	7,570,021
Investments	1,487,779	Other Liabilities	980,692
Other Assets	946,174	Total Liabilities	8,550,713
		Total Equity Capital/ Subordinate Notes and Debentures	931,822
Total Assets	9,482,535	Total Liabilities and Capital	9,482,535

Source: Call Reports  
Dollars in thousands

The loan portfolio contains: 42% real estate loans; 27% commercial and industrial loans; 20% loans to individuals; 9% lease financing receivables; 1% agriculture credits; with the remaining percentage comprising various other loan categories. Return on average assets through June 30, 1996 was 1.68%.

In 1993, the Star Banc Corporation merged 10 individual Star Banks into three banks, one each in Ohio, Indiana and Kentucky. In July of 1995, Star purchased 24 branches located in Columbus, Ohio from Household Bank. In the purchase of these branches, only deposits were obtained. Subsequently, in June of 1996, the Kentucky and Indiana banks were merged into the Ohio bank. Star Banc Corporation operates subsidiaries engaged in commercial banking, consumer finance, credit insurance and property management.

Star is structured into sixteen assessment areas or regions. These areas serve numerous communities throughout Ohio, Indiana and Kentucky. Star has 258 branches and 407 automatic teller machines (ATMs) located within its various assessment areas.

## ASSESSMENT AREA DESCRIPTION

During this evaluation we reviewed all or portions of 12 of the bank’s 16 assessment areas. All assessment areas meet the legal requirements of the regulation and do not arbitrarily exclude low- or moderate-income geographies<sup>1</sup>. Table 2 details the various areas we reviewed during this evaluation. For evaluation purposes, several assessment areas were combined. Refer to the appendix of this Public Evaluation for details. The table details the number of low-, moderate-, middle- and upper-income geographies (areas) in each area of review, as well as the total number of branches and the percentage of deposits. This table reveals that the vast majority of all geographies (85%), branches (81%) and deposits (84%) were reviewed during this examination.

<b>Table 2</b> <b>Star Bank, N.A.</b> <b>Distribution of Geographies* and Branches for Areas Reviewed</b>							
Areas of Review	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total Geographies	Total Branches	Percentage of Deposits
Cincinnati	39	63	153	84	339	74	37%
Cleveland	109	97	218	143	567	52	23%
Columbus	35	67	100	64	266	35	12%
Dayton	17	35	103	50	205	24	6%
Indiana-Eastern	1	6	23	2	32	13	3%
Kentucky-Central	0	2	8	1	11	3	1%
Highland County	0	3	6	0	9	1	1%
Preble County	0	0	10	0	10	2	1%
All Other	29	66	115	50	260	54	16%
<b>Total</b>	<b>230</b>	<b>339</b>	<b>736</b>	<b>394</b>	<b>1,699</b>	<b>258</b>	<b>100%</b>

Source: CRA WIZ Demographic Data and Bank Supplied Data

\* Excludes geographies that report no income

<sup>1</sup> The term “geography” as used in this document refers to both census tracts and Block Numbering Areas. It is used interchangeably with the term “area”.

Table 3 outlines various demographic data of the areas that were reviewed during the examination. It includes the population, number of owner occupied units (# OOU's), the percentage of OOU's in low- and moderate-income (LMI) geographies, the percentage of families in LMI geographies, and the number and percentages of families based upon income level in each area reviewed. Data from this table will be referred to in subsequent sections of this evaluation.

Table 3 Star Bank, N.A. Demographic Data of Areas Reviewed							
Areas of Review	Population	# OOU's/ % in LMI Geographies	Percentage of Families in LMI Geographies	Number and Percentage of Families Based Upon Income Level			
				Low	Moderate	Middle	Upper
<b>Cincinnati</b>	1,384,585	329,835 13%	69,496 19%	71,189 19%	62,285 17%	85,870 24%	144,992 40%
<b>Cleveland</b>	1,700,920	428,918 17%	110,836 24%	93,354 21%	76,653 17%	106,821 23%	177,296 39%
<b>Columbus</b>	1,051,925	232,960 21%	74,811 28%	49,972 19%	46,308 17%	64,697 24%	108,556 40%
<b>Dayton</b>	827,763	208,314 17%	48,217 %	42,413 19%	40,090 18%	54,814 24%	88,846 39%
<b>Indiana-Eastern</b>	119,201	31,765 16%	6,299 19%	6,760 21%	7,038 21%	8,083 24%	11,420 34%
<b>Kentucky-Central</b>	25,791	6,676 8%	527 8%	1,613 23%	1,074 16%	1,332 19%	2,868 42%
<b>Highland County</b>	35,728	9,649 28%	3,017 30%	2,588 26%	2,050 20%	2,520 25%	2,888 29%
<b>Preble County</b>	40,113	11,068 NA	NA	1,825 16%	2,176 19%	2,893 25%	4,596 40%
<b>All Other</b>	1,121,493	292,550 22%	78,199 26%	63,259 21%	55,427 18%	70,485 23%	117,274 38%
<b>Total</b>	6,307,519	1,551,735 18%	391,401 23%	332,973 20%	293,101 17%	397,515 24%	658,736 39%

Source: CRA WIZ Demographic Data

During the examination, 6 community contacts were performed. In the Cincinnati region, a meeting was held with a business group. In Cleveland, 2 community development corporations were contacted. In Columbus, a local government official and a community development corporation were met with. A newly formed community development corporation was contacted in the Dayton area. No unmet credit needs were identified in any of these community contacts.

Although the credit needs vary from region to region, the primary credit needs identified through the bank's ascertainment program and through a review of local Comprehensive Housing Affordability Strategies (CHAS) reports are as follows: LMI housing, multifamily housing and small business.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

### LENDING TEST

Overall, Star's lending activity demonstrates:

- An excellent responsiveness to credit needs in its assessment areas;
- A substantial percentage of loans are made in its assessment areas;
- A good geographic distribution of loans inside the assessment areas;
- An excellent distribution of loans among borrowers of different income levels and businesses and farms of different sizes;
- An extensive use of flexible and innovative lending criteria; and,
- A high level of community development lending.

#### **Performance Criteria:**

***Lending Activity*** - Between June 30, 1994 and June 30, 1996, Star's loan-to-deposit ratio has increased from 82% to 93% and averaged 89%. The loan-to-deposit ratio for the bank's national peer group averaged 88% over the same time period with the peer ratio at June 30, 1996 equal to 90%. The loan-to-deposit ratio is considered reasonable.

Overall, Star demonstrates excellent responsiveness to serving the credit needs in its assessment areas based on the number and amount of loans inside their assessment areas, particularly to LMI areas and borrowers. Table 4 displays the number and amount of the bank's home mortgage, small business, small farm loans and consumer credit originated since the last performance evaluation. Home mortgage activity is based on originations, as well as purchases, and the consumer portfolio includes loans originated by the finance company affiliate. The table exhibits that a substantial percentage of the bank's loans (85%) are made inside its assessment areas. Star does not include home equity lines of credit in HMDA data. These loans are included in the consumer loan data in the evaluation.

<b>Table 4</b> <b>Star Bank, N.A.</b> <b>Ratio of Loans Inside the Assessment Area</b>					
	Home Mortgage	Small Business	Small Farm	Consumer	Total
<b># of Loans Inside the AA</b>	18,724	2,092	44	31,235	52,095
<b>Total # of Loans</b>	23,532	2,350	48	35,230	61,160
<b>% of Loans Inside/ Total # of Loans</b>	80%	89%	92%	89%	85%
<b>\$ of Loans Inside the AA</b>	\$1,049,385	\$809,489	\$4,887	\$624,905	\$2,488,666
<b>Total \$ of Loans</b>	\$1,311,913	\$1,061,001	\$5,082	\$713,954	\$3,091,950
<b>% of Loans Inside/ Total \$ of Loans</b>	80%	76%	96%	88%	80%

Source: 1994, 1995 and 1996 HMDA LAR  
Small Business/Small Farm Data Collection Register 1995 and 1996  
Consumer Loan Registers (motor vehicles, home equity LOCs, other secured, other unsecured) 1994, 1995 and 1996  
Dollar amounts are in \$000's

**Geographic Distribution** - The geographic distribution of loans reflects a good penetration in the bank's assessment area. This is based on the location of the bank's home mortgage, small business, small farm loans, and consumer loans compared with the opportunities within its assessment areas.

**Home Mortgage Loans:**

The geographic distribution of HMDA loans reflects a good dispersion in the assessment areas. The level of loan activity in LMI geographies in relation to the number of LMI owner-occupied units available is good. Table 5 illustrates the number and amount of HMDA loans that were originated in each of the geographies in the bank's assessment areas. This table indicates 18% of the number and 10% of the dollars of HMDA loans were made in LMI geographies and compares favorably with the percentage of the owner-occupied units (18%) in these geographies.

<b>Table 5</b> <b>Star Bank, N.A.</b> <b>Geographic Distribution of HMDA Loans</b>						
Originations and Purchased HMDA Loans from July 1, 1994 through June 30, 1996	Number (#) of Loans in the AA	Percent of Total	Dollar (in \$000's) of Loans in the AA	Percent of Total	Percent of Total Geographies	Percent of Total Owner Occupied Units
<b>Low-Income Geographies</b>	600	3%	\$19,660	2%	13%	4%
<b>Moderate-Income Geographies</b>	2,843	15%	\$82,657	8%	20%	14%
<b>Middle-Income Geographies</b>	9,695	52%	\$452,345	43%	43%	50%
<b>Upper-Income Geographies</b>	5,586	30%	\$494,723	47%	24%	32%
<b>TOTAL</b>	18,724	100%	\$1,049,385	100%	100%	100%

Source: 1994,1995 and 1996 HMDA LAR

Table 6 represents a breakdown of the same data for the major regions analyzed during this review. As can be seen, the area of review with the largest number of HMDA loans is Cincinnati.

<b>Table 6</b> <b>Star Bank, N.A.</b> <b>Geographic Distribution by Area of Review</b> <b>HMDA Loans</b>						
Geographies	Major Areas of Review					
Number	MSA 1640 Cincinnati	MSA 1680 Cleveland	MSA 1840 Columbus	MSA 2000 Dayton	Eastern Indiana	Central Kentucky
Amount						
<b>Low</b>	197	209	83	41	4	0
	\$7,246	\$7,989	\$2,017	\$613	\$98	0
<b>Moderate</b>	1,013	506	245	334	139	7
	\$28,504	\$17,666	\$6,848	\$10,117	\$2,857	\$74
<b>Middle</b>	4,055	1,093	706	1,318	382	169
	\$195,218	\$49,179	\$33,127	\$68,216	\$11,177	\$5,621
<b>Upper</b>	2,518	562	898	585	51	15
	\$243,004	\$45,660	\$89,310	\$41,317	\$3,229	\$632
<b>Total</b>	7,783	2,370	1,932	2,278	576	191
	\$473,972	\$120,494	\$131,302	\$120,263	\$17,361	\$6,327

Source: 1994,1995, 1996 HMDA-LAR Reports  
Dollar amounts in \$000's

**Small Business and Small Farm Loans:**

With respect to small business and small farm loans, the bank is originating a reasonable number of these types of loans in LMI geographies. Table 7 displays the percentage of loans to small businesses and small farms within their assessment areas in LMI geographies. The distribution of small business loans denotes that 29% are in LMI geographies. Demographic data was not available to break out the number and percentages of small business and small farms in the LMI geographies. The amount of small farm loans in the assessment area is reasonable, based on the demographic composition of Star’s entire assessment area which reveals less than 1% of the total number of households are engaged in farming.

<b>Table 7 Star, N.A. Geographic Distribution of Small Business and Small Farm Loans</b>				
<b>Originations and Purchased Small Business and Small Farm Loans from Jan 1, 1995 through June 30, 1996</b>	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total Loans in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total Dollars in AA</b>
<b>Small Business Loans</b>	617	29%	\$282,974	35%
<b>Small Farm Loans</b>	4	9%	\$2,328	48%
<b>TOTAL</b>	621	29%	\$285,302	35%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996

**Consumer Loans:**

Table 8 illustrates the bank’s penetration of consumer credit into the LMI geographies of its assessment area. As can be seen, Star reasonably penetrates these specific areas. Of special significance are the home equity lines, where 30% of the dollars lent through this program are in LMI geographies. This compares extremely favorably with the opportunities, as these areas account for only 18% of the owner-occupied units.

<b>Table 8</b> <b>Star Bank, N.A.</b> <b>Geographic Distribution of Consumer Loans</b>				
Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	2,999	15%	\$26,984	15%
<b>Secured - Other Consumer Loans</b>	335	22%	\$28,467	14%
<b>Unsecured - Other Consumer Loans</b>	1,470	18%	\$1,326	16%
<b>Home Equity Lines of Credit</b>	467	22%	\$70,063	30%
<b>TOTAL</b>	5,271	17%	\$126,840	20%

Source: 1994, 1995 and 1996 Consumer Loan Register

***Borrower Characteristics*** - The distribution of the bank's home mortgage, small business, and small farm loans based on borrower characteristics is excellent. This is due to the availability of product lines offered by the bank and the high penetration among retail customers of various income levels and businesses and farms of different sizes. It was noted that the bank does not collect information on the income that was used to make the credit decision on consumer loans. Therefore, an analysis of borrower characteristics for consumer loans was not made here or in subsequent sections of this Performance Evaluation.

**Home Mortgage Loans:**

The level of home mortgage loans in the bank's assessment area to persons with low and moderate incomes is good in relation to the percentage of LMI families living in the assessment area (37%). Table 9 depicts that 34% of the number of HMDA loans and 19% of the dollar amount of HMDA loans were made to LMI individuals. The table also reflects that 22% of the borrowers were moderate-income, which compares favorably to the percentage of families that are moderate-income (17%).

<b>Table 9</b> <b>Star Bank, N.A.</b> <b>Borrower Distribution of HMDA Loans</b>					
Originations and Purchased HMDA Loans from July 1, 1994 through June 30, 1996	Number (#) of loans in the AA	Percent of total	Dollar (\$) of loans in the AA	Percent of total	Percent of total Families in the AA
<b>Low-Income Borrower</b>	2,259	12%	\$56,766	5%	20%
<b>Moderate-Income Borrower</b>	4,204	22%	\$146,829	14%	17%
<b>Middle-Income Borrower</b>	5,005	27%	\$200,154	19%	24%
<b>Upper-Income Borrower</b>	6,915	37%	\$573,344	55%	39%
<b>N/A</b>	341	2%	\$72,292	7%	0%
<b>TOTAL</b>	18,724	100%	\$1,049,385	100%	100%

Source: 1994, 1995 and 1996 HMDA LAR

N/A = income information on the borrower was not available

Dollar Amounts are in \$000's

<b>Table 10</b> <b>Star Bank, N.A.</b> <b>Borrower Distribution by Major Regions</b> <b>HMDA Loans</b>						
Tracts	Major Regions					
Number	Cincinnati	Cleveland	Columbus	Dayton	Indiana-Eastern	Kentucky-Central
Amount						
<b>Low</b>	981	416	213	231	60	12
	\$23,206	\$12,403	\$5,768	\$5,868	\$1,036	\$90
<b>Moderate</b>	1,782	721	325	506	111	24
	\$61,449	\$29,227	\$10,798	\$17,531	\$2,418	\$410
<b>Middle</b>	2,072	598	504	632	159	46
	\$80,971	\$26,690	\$23,200	\$22,691	\$4,083	\$1,229
<b>Upper</b>	2,782	607	854	861	242	106
	\$274,377	\$44,387	\$82,138	\$58,736	\$9,540	\$4,494
<b>Not Available</b>	166	28	36	48	4	3
	\$33,969	\$7,787	\$9,398	\$15,437	\$284	\$104
<b>Total</b>	7,783	2,370	1,932	2,278	576	191
	\$473,972	\$120,494	\$131,302	\$120,263	\$17,361	\$6,327

Source: 1994, 1995, 1996 HMDA-LAR Reports

Dollar amounts in \$000's

Table 10 discloses the bank's performance, with respect to borrower income levels, in its major markets analyzed during this review. The table reflects that the Cleveland region has the highest percentage of loans to LMI borrowers at 48% of total loans.

**Small Business and Small Farm Lending:**

The bank's distribution of loans between businesses and farms of different sizes is favorable. Between January 1995 and June 1996, Star originated 2,092 small business and 44 small farm loans totaling approximately \$814 million. Table 11 portrays the distribution by number and amount of loans to businesses and farms with gross annual revenues of \$1 million or less. As shown, this bank has a high percentage of loans to farms below the \$1 million revenue threshold. The percentage of small business loans originating to businesses with less than \$1million in annual revenue, at 30%, is good, given the fact that the bank has a strong focus on middle market companies (defined as businesses with revenues between \$5 and 15 million).

<b>Table 11</b> <b>Star Bank, N.A.</b> <b>Loans to Small Businesses and Small Farms</b> <b>With Revenues less than \$1 million</b>				
<b>Type of Loan</b>	<b>Number</b>	<b>% of Total</b>	<b>\$ Amount</b>	<b>% of Total</b>
<b>Small Business Loans</b>	629	30%	\$121,589	15%
<b>Small Farm Loans</b>	41	93%	\$ 3,254	67%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's.

Table 12 summarizes the bank's small business and small farm lending by varying loan amounts. The CRA assumes that loan size generally correlates with the size of the business or farm borrower. As can be seen from Table 12, the bank is making small loans to a majority of small businesses and farms. This is evidenced by the fact that 59% of the number of small business and farm loans originated at amounts less than \$100,000 and accounts for only 7% of the total dollar amount lent. This supports the bank's excellent penetration of businesses and farms of different sizes.

<b>Table 12</b> <b>Star Bank, N.A.</b> <b>Small Business and Small Farm Loans</b> <b>By Loan Amount at Origination</b>				
Amount	Total			
	Count	%	Amount	%
Less than \$100,000	1,264	59%	\$52,089	7%
Between \$100,000 and \$250,000	389	18%	\$66,623	8%
Greater than \$250,000	483	23%	\$695,664	85%
<b>Total</b>	<b>2,136</b>	<b>100%</b>	<b>\$814,376</b>	<b>100%</b>

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

### **Community Development Lending:**

The bank originates a high level of community development loans. Community development loans are those that do not meet the definition of home mortgage, small business, or small farm loans but do meet the definition of community development. The bank utilizes innovative as well as flexible lending practices to address the credit needs of LMI individuals and geographies. Some examples of the extent of credit provided to the assessment areas include, but are not limited to, the following items:

- Based on bank generated reports, Star originated twenty-one loans totaling \$70,732,000 from 1994 through July 31, 1996, in which other lenders purchased low-income housing tax credits. These loans were utilized to rehabilitate 1,848 rental units of affordable housing. These loans are considered complex in nature as each party involved in the transaction must fully understand the implications, benefits and downside risks of such loans.
- The bank entered an agreement with the City of Cleveland to provide \$25,000,000 in loans targeted at low-and moderate-income neighborhoods from 1994 through 1998. From inception through June 30, 1996, a total of \$25,951,000 in loans have been generated which represents 104% of the original commitment.

Other loans which were considered as community development loans were loans that promoted economic development, revitalization, or stabilization of LMI areas are described below. Some of these projects are detailed in other sections of this Performance Evaluation.

Eastern Indiana	1 loan	\$ 160,000
Southeastern Indiana	2 loans	1,212,000
Northern Kentucky	6 loans	3,970,000
Butler County, Ohio	1 loan	1,000,000
Highland County, Ohio	1 loan	100,000
Preble County, Ohio	1 loan	25,000

The bank also participates in local loan consortia activities, usually in a leadership role. One consortium, Avondale Home Improvement Loan Collaborative, was formed in 1995 with the subject bank being the leader. The purpose of this consortium was to provide affordable low interest rate home improvement loans to residents of the Avondale neighborhood of Cincinnati, Ohio. The bank's commitment is \$121,000 in loan funds with reduced rates and extended financing terms. To date, the bank's portion of loans outstanding is \$13,000.

Another consortium, in which Star participates, is the Cincinnati Development Fund (CDF). This group is a nonprofit investment banking firm created to assist developers finance affordable housing in the Cincinnati, Ohio area. CDF originates below market rate loans to nonprofit and for profit developers of affordable housing in Hamilton, Warren, Butler and Clermont counties in Ohio and Boone, Campbell and Kenton counties in Kentucky. The CDF has a specially targeted fund entitled Downtown Housing Loan Fund in conjunction with Downtown Cincinnati, Inc. As of June 30, 1996, Star had an outstanding loan balance of more than \$2.1 million out of \$5.4 million in loan commitments. Since the last evaluation, the bank has participated in the funding of five projects with Star's share aggregating \$812,866.

**Innovative or Flexible Lending Practices:**

The bank makes extensive use of flexible lending practices to address the credit needs of LMI individuals and geographies. The extent of activity under the available programs is widespread. Below is a listing of the programs that are available bankwide. Lending volume in 1995 and year-to-date is also provided. Refer to the various sections of this Performance Evaluation for programs that are limited by geographic areas. The number and dollar amount of loans in these respective programs are included in the various small business and mortgage tables previously detailed.

*Home Advantage Program* - This is Star's affordable housing program. Eligibility for this program is based upon income and the number of household members. The program permits expanded debt ratios, a minimum of 3% downpayment (which can be a gift from a relative, or a grant from a nonprofit organization), and no private mortgage insurance. In 1995, Star originated 1,112 Home Advantage Program (HAP) loans aggregating \$56.4 million. This represents 28% of the total number of home purchase loans that Star originated in 1995. During the first six months of 1996, Star originated 371 HAP loans totaling \$20.0 million.

*Home Advantage Home Improvement Program* - This home improvement program is offered throughout Star's assessment areas in LMI geographies. The program offers reduced interest rates, with rates up to a 1% reduction for households with income of \$15,000 or less. In 1995, Star originated 601 of these home improvement loans totaling \$4.9 million. Through the first six months of 1996, 349 loans at \$2.7 million were closed.

*SBA 504 Loan Program* - This program promotes economic development through job creation and retention. Long-term fixed asset financing is provided in a layered transaction. A bond guaranteed by the SBA is sold to provide up to 40% of the funds at a reduced rate. The bank provides the remainder of the funds and receives a first lien on the collateral. In 1995, the bank originated 20 SBA 504 loans aggregating \$7.2 million. This leveraged \$4.6 million in direct SBA loans. During the first seven months of 1996 the bank originated 19 SBA 504 loans totaling \$4.6 million. Corresponding SBA loans aggregated \$2.9 million.

*SBA 7A Loan Program* - This is a federal loan program for the financing of small business working capital, purchase of inventory, contracts or the purchase of fixed assets. Loans are guaranteed up to 90% if less than \$750,000 and up to 85% for larger amounts. The bank participates in the LOW DOC programs which allows applications to be processed quickly. In 1995, the bank originated 97 SBA 7A loans aggregating \$17.8 million. For the first 6 months of 1996, the bank made an additional 36 loans totaling \$5.6 million.

*Secured Credit Card Program* - This program permits consumers who have had temporary financial difficulty to reestablish credit. The loans are secured by a deposit equaling 100% of the credit line. During 1995 the bank originated 1,444 of these loans that had an outstanding balance of \$473 thousand as of year-end 1995 (current balances were unavailable as were line amounts). In addition, in the first 6 months of 1996, 737 loans were established that had an outstanding balance of \$251 thousand as of June 30, 1996.

*State of Ohio 166 Loan Program* - This program provides direct loans of less than \$200,000 to businesses located or expanding in Ohio that will create new jobs. Funds may be used for land and building acquisitions, expansion or renovation, or equipment purchases. The program permits banks to make long-term, low-fixed-rate loans for smaller projects. Through the first 8 months of 1996, the bank originated 3 loans under this program aggregating \$513 thousand.

## **INVESTMENT TEST**

Overall Star's investment activity is rated High Satisfactory. Star's investment activity demonstrates:

- A significant level of qualified community development investments;
- Good responsiveness to credit and community economic needs; and,
- Significant use of innovative and/or complex investments.

Star has a significant level of qualified investments and grants within its assessment area. As detailed in Table 13, Star has provided \$2.5 million in qualified investments since the last Public Evaluation. A large portion of the investments are considered complex and innovative. The bank's Low Income Housing Tax Credits (LIHTC) are innovative for banks in the area as well as complex in nature. Additionally, the bank's involvement in the formation of a community development corporation is considered complex. The bank has assumed a leadership position in several of the local community development projects in which they are involved.

The bank exhibits a good responsiveness to the credit and community economic development needs. The bank's participation with the Mid Ohio Regional Planning Commission downpayment and loan assistance program is considered responsive to the community credit needs in that this is an identified need of the community. Other actions are detailed elsewhere in the Performance Evaluation.

Table 13 reveals the level of qualified investment activity by region, types of investments and dollar amounts. Review of lending and service test information reveals that the bank's investment activity mirrors the bank's deposit and branch office distribution. Respectively Cincinnati, Cleveland and Columbus are Star's largest markets for deposits, branch facilities and investment activity.

<b>Table 13 Star Bank, N.A. Qualified Investments</b>				
<b>Investments by Areas of Review</b>	<b>Grants, Sponsorships and Contributions for Community Development</b>	<b>Grants, Donations Sponsorships to CDCs</b>	<b>Low Income Housing Tax Credits</b>	<b>Region Total</b>
<b>Cincinnati</b>	\$190,307	\$27,345	\$992,156	\$1,209,808
<b>Cleveland</b>	\$20,167	\$6,187	\$594,338	\$620,692
<b>Columbus</b>	\$9,900	\$3,266	\$286,313	\$299,479
<b>Dayton</b>	\$6,473	\$10,000	\$0	\$16,473
<b>Indiana-Eastern</b>	\$13,325	\$0	\$0	\$13,325
<b>Kentucky-Central</b>	\$0	\$0	\$0	\$0
<b>Highland County</b>	\$500	\$0	\$0	\$500
<b>Preble County</b>	\$0	\$0	\$0	\$0
<b>All Other</b>	\$8,000	\$1,500	\$327,488	\$336,988
<b>TOTALS</b>	\$248,672	\$48,298	\$2,200,295	\$2,497,265

Source: Bank Internal Records

### **Investment in Community Development Corporations (CDCs):**

Star made \$48,298 in sponsorships, donations or investments in 24 CDCs since the last CRA examination. The distribution of the CDCs throughout the assessment area is as follows: Cincinnati-eleven, Cleveland-eight, Columbus-two, Dayton-one, Kentucky-one and one in Akron, which is included in the All Other category.

*Central State University Community Development Corporation* - Located in Dayton, the CSU CDC is a newly created CDC whose mission includes rehabilitation of vacant housing and technical assistance in the form of credit counseling. The CDC also provides job training, home maintenance training, facilitates opportunities for home ownership, including support of transitional housing situations and mortgage brokering. Star supported the creation of the CDC through a \$10,000 grant and has played an active role in community presentations. Additionally, Star has committed a minimum of one million dollars in Star's Home Advantage Program to support the CDCs Housing Development Initiative.

*City Ohio Near West Development Corporation(CONWDC)* - Located in Cleveland, the CONWDC also serves as a vehicle for the construction of new housing and commercial projects with an emphasis on affordable housing for low income families. Star donated \$2,500 to the CONWDC.

*Neighborhood Center Association* - Located in Cleveland this is an association of 21 community centers located throughout Cleveland which serve a total of 12,000 families each year. Some services the centers provide include child care, education, youth services, elderly care, mental health and housing energy assistance to some of Cleveland residents. Star donated \$2,833 to this CDC.

### **Qualified Grants, Sponsorships and Donations:**

Star has made 149 qualified community development grants, sponsorships or donations totaling \$248,672 since the last CRA examination. See Table 13 for the distribution of funds by region.

Several of the more significant contributions include:

*Over the Rhine Foundation* - Star made a \$10,000 donation to help fund the foundation's Urban Land Institute panel study regarding redevelopment in this low income area.

*Lincoln Heights Community Center* - Star donated \$12,500 to the center which serves residents in this moderate-income area of Cincinnati.

*Neighborhood Housing Service of Hamilton County* - Star provided 1,000 square feet of office space, in downtown Hamilton. The bank estimated the value of this contribution at \$12,000. This organization provides home mortgage lending to LMI residents.

### **Low Income Housing Tax Credits:**

The bank has a significant volume of LIHTC. The bank, usually in partnership with other financial institutions or other lenders, receives a tax credit as part of its return on the investment.

Since the last Performance Evaluation, the bank has committed \$6.1 million in 13 LIHTC projects. Of the committed amount, \$1.9 million has been funded to date. In addition, the bank has funded \$302,488 in two projects that were closed previous to the last Performance Evaluation.

Several of the major projects since the last Performance Evaluation include:

- *88/96 Project* - Star invested \$251,642 in this project which will result in the development of 20 affordable housing units in a low income area of Columbus, Ohio.
- *Broadwalk Apartments* - Located in Cleveland, this project with a for profit developer, will result in the construction of 125 units of low income housing in the Glenville neighborhood. Star has committed \$745,000 to the project with \$555,000 already invested.
- *Anawim Housing* - Anawim is a limited partnership formed to fund the purchase and renovation of 10 buildings in Covington, Kentucky that will be converted to 23 residential units for low income and homeless residents in the city. Star has invested \$497,500 in the project.

### **SERVICE TEST**

Overall, the service test is rated Outstanding. Star's service activities demonstrate:

- A readily accessible retail delivery systems;
- An extensive system of alternative delivery systems;
- The opening of offices has not adversely affected the accessibility of delivery systems;
- Financial services and business hours are tailored to the convenience and needs of the assessment areas; and,
- A relatively high level of community development services is provided in all regions.

### **Accessibility of Delivery Systems:**

Table 14 displays Star’s current distribution of full service branches among the various categories of geographies. It also depicts the percentage of families that reside in these categories, and the percentage of geographies in each category. The table shows a good distribution of branches within the various categories of geographies.

<b>Table 14 Star Bank, N.A. Distribution of Branches</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	23	9%	7%	14%
<b>Moderate-Income</b>	37	14%	16%	20%
<b>Middle-Income</b>	117	46%	48%	43%
<b>Upper-Income</b>	81	31%	29%	23%
<b>Total</b>	258	100%	100%	100%

Source: Bank Internal Records  
CRAWIZ

### **Alternative Delivery Systems:**

Several alternative retail services delivery systems supplement the bank’s branching system. Star has a 24-Hour Customer Service Center. The “center” is reached by phone and provides customer service and account information. All types of loan applications can be accessed through the “center”.

In 1995, Star initiated its vision of a “Bank Without Boundaries”. The systems can be accessed by all regions. The “Bank Without Boundaries” system includes the following features:

- Super ATMs - Designed to allow customers to generate mini or full account statements, reorder checks, purchase postage stamps and request copies of canceled checks.
- Voice Banking - Designed to enable customers to pay bills electronically, transfer funds, check balances, apply for loans and open other Star accounts.
- ScreenPhone Banking - Designed to offer the same services as “Voice Banking” with the additional feature of online shopping by credit card. This system is scheduled to be operational in the first quarter, 1997.
- Video Banking - Designed to give customers round the clock face-to-face contact with Star personnel to access all their account information and get information about Star’s

products and services. This system is currently operational at one site in Columbus.

- Internet Banking - Designed to give customers the ability to download PC Banking software, E-mail the bank via Star's Bank's web site and receive a response online or have information mailed.
- PC Banking - Designed to electronically link customers with their accounts to pay bills, review balances and account history, transfer funds, stop payments and coordinate money management activities. These services are designed to give retail customers the convenience of 24 hour remote banking.

Star Finance Company provides alternative financing for individuals who do not qualify for conventional loan programs. This affiliate originates loans for all of Star's loan products after pricing the credit based on inherent risk. The company began operation in 1994. The majority of business is generated through Star's indirect dealer network and direct mail marketing.

Star operates an extensive indirect dealer network which enables retail customers the opportunity to have access to credit. Preapproved applications are also solicited for mortgage loans, home equity products, automobile loans and credit cards.

Star mortgage and business loan originators will travel anywhere to enable the customer to submit a loan application at their convenience.

Table 15 represents the distribution of branches and automatic teller machines (ATMs) by area of review and the number and percentage in LMI geographies. It also details the percentage of families that reside in LMI geographies and the percentage of LMI geographies. The table reveals the distribution of branches in LMI geographies compares favorably to the percentage of families that reside in these geographies. Twenty-three percent of the families live in LMI geographies which is the same percentage as the bank's number of branches in LMI geographies. This table reveals that in Cincinnati, 27% of the Cincinnati branches are in LMI geographies which greatly exceed the percentage of families that reside in these geographies (19%). For Cleveland, Columbus and Dayton, these percentages are almost identical.

**Table 15**  
**Star Bank, N.A.**  
**Retail Banking Services and Alternative Delivery Systems**

Areas of Review:	Branches			ATMs in Full Service Branches			All Regions (% in LMI Geographies)	
	#	# in LMI Geographies	% in LMI Geographies	#	# in LMI Geographies	% in LMI Geographies	% of Families	% of Geographies
<b>Cincinnati</b>	74	21	27%	58	14	24%	19%	30%
<b>Cleveland</b>	52	12	23%	42	11	26%	24%	36%
<b>Columbus</b>	35	9	26%	28	7	25%	28%	38%
<b>Dayton</b>	24	5	22%	19	2	11%	21%	25%
<b>Indiana-Eastern</b>	13	2	15%	9	1	11%	19%	22%
<b>Kentucky-Central</b>	3	0	0%	3	1	33%	8%	18%
<b>Highland County</b>	1	1	100%	1	1	100%	30%	33%
<b>Preble County</b>	2	0	0%	0	0	0%	NA	0%
<b>All Others</b>	54	10	19%	45	11	34%	25%	35%
<b>Total</b>	258	60	23 %	205	48	23%	23%	33%

Source: Bank internal reports and CRAWIZ - Figures include: both in-stores & retirement center facilities

The distribution of ATMs in LMI geographies also supports the reasonableness of the branching network. Star operates 205 ATMs in full service branches. Forty-eight or 23%, are in LMI geographies. The additional 202 ATMs are located in either free standing facilities or in retail establishments. Correspondent banks operate 101 additional ATMs through the entire Star market.

**Changes in Branch Locations:**

Star's record of opening and closing offices has not adversely affected the accessibility of its delivery systems. Since January 1995, 24 branch offices have closed or consolidated into other branch facilities. Most of the branch closure activity was due to consolidations resulting from acquisitions in the Columbus Region. One branch was closed in a low-income geography in MSA 2000. See comments under MSA 2000 for details. Another branch was closed in a moderate-income geography in MSA 1640. See comments under MSA 1640 for details.

Branch openings in the same period reflect Star's commitment to the in-store branch market. See conclusion for MSA 1640 and 1840, for details. One full service branch was opened in June 1996 in a low-income geography in the Cincinnati Region. Branches in moderate-income geographies have been announced and are scheduled to be opened in MSA's 1680 and 2000, in 1997.

### **Reasonableness of Services:**

Overall branch services and business hours are tailored to the convenience of the customer. Branch managers establish hours to fit the needs of the customer. A sample of branches in LMI geographies was compared to branches in middle- and upper-income geographies. Our review revealed that branches in all income geographies have similar hours and services. Most branches maintain Saturday morning hours and have drive-up facilities.

### **Community Development Services:**

Star provides a relatively high level of community development services to all regions. The bank's primary focus is to address individual and community organizations counseling needs, and provide technical assistance for its financial services area.

The bank's services include those targeted at LMI individuals and small businesses. The following is a listing and description of community development services and programs offered:

Star helps in applications to the Federal Home Loan Bank under their Affordable Housing Program (AHP). The program can provide grants or below market rate loans to housing developers for affordable housing projects across Ohio and Kentucky.

All regional presidents and branch managers are required to be active in their respective communities by becoming a board member of at least one CRA-related community group.

Star participates in numerous educational programs that deal in credit. The following is a listing of several of the more significant programs:

*Ohio CDC Association* - Star participates annually in presenting part of the material for the "Basic Skills Training Course". The course is conducted to help nonprofit community development corporations across the State of Ohio improve their efficiency and the quality of their housing and economic development projects.

*Homebuyer Education* - Star provides one-on-one education to prospective home buyers in all markets using its "Home Purchase Workbook". Star employees participate as presenters in first-time homebuyer education programs targeted to low-income consumers.

*Small Business Education* - Star actively participates in small business and entrepreneurial education programs.

## **FAIR LENDING REVIEW**

No violations of the substantive provisions of the antidiscrimination laws and regulations (ECOA, FHA, or HMDA) were identified. The institution's fair lending policies, procedures, training programs and internal assessment efforts have been effective in assisting lenders in these issues.

## Multistate MSA Rating - 1640

**CRA Rating for MSA 1640 - Cincinnati, OH, KY, IN: Outstanding**

**The lending test is rated: Outstanding**

**The investment test is rated: High Satisfactory**

**The service test is rated: Outstanding**

### Description of Institution's Operations in MSA 1640

The bank has designated three assessment areas within this multistate MSA and a portion of a fourth. The largest of the assessment areas is the Cincinnati region which is composed of Hamilton County and portions of Clermont and Warren Counties. The major city in this region is Cincinnati, Ohio. The second assessment area is the Indiana South-Eastern region. The major city in this region is Lawrenceburg. The third assessment area is the Kentucky-Northern region. Major cities in this region are Covington and Newport. Also included in the multistate MSA is Pendleton County, which is included in the bank's Kentucky-Central assessment area.

This MSA contains the highest percentage of branches and deposits of any of the areas reviewed during this examination. The bank has 79 branches within this MSA, which represents 31% of all of the bank's branches. In addition, 37% of the bank's deposits are generated from this MSA.

Primary competition in this MSA include: Fifth Third Bank of Cincinnati, Provident Bank, and Bank One Cincinnati.

### Description of MSA 1640

As detailed in Table 3 of the Star Bank, N. A. section of this evaluation, the total population in the areas served by the bank in this multistate MSA is 1.4 million. The 1990 MSA medium family income is \$36,658. The assessment areas contain 20%, 17%, 23% and 40% of low-, moderate-, middle- and upper-income families, respectively. The assessment areas consist of 339 geographies. Of the 339 geographies in the assessment areas, 39 (12%) are low-income, 63 (18%) are moderate-income, 153 (45%) are middle-income and 84 (25%) are upper-income geographies. Total housing units total are 559,547, with 59% owner occupied units, 35% rental, and 6% vacant. The median housing value is \$63,750 with a median year built of 1956.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the multistate MSA was 3.4%. The service industry is the largest industry in MSA 1640, followed by retail trade and manufacturing. Major employers are: Proctor and Gamble, General Electric, University of Cincinnati, IRS Service Center and Kroger. A majority of the businesses are small businesses. There are 22,113 businesses in this area. Approximately 93% of the businesses have less than 50 employees, 7% have between 50 and 499 employees, and less than 1% have more than 500 employees.

## Conclusions with Respect to Performance Tests in MSA 1640

### LENDING TEST

Overall, lending performance in this MSA (1640) is rated Outstanding. The bank has a good geographic distribution, a good borrower distribution, excellent penetration of small business loans in LMI areas, high distribution of consumer loans in low-and moderate-income areas, a high degree of community development loans, and an extensive use of flexible lending criteria.

**Geographic Distribution and Borrower Distribution** - The bank has managed a good penetration of all geographies based upon the opportunities available. This trend is noticed in all types of lending: mortgage, small business, small farm, and consumer products. Star originated 36% of its small business and small farm loans in LMI geographies.

#### Mortgage Loans:

Table 1 reveals the bank meets the mortgage loan needs of the community when compared to the owner-occupied characteristics of the assessment area. The bank's mortgage lending in LMI geographies compares favorably to the percentage of owner-occupied units in similar geographies. For example, 13% of the bank's HMDA loans were originated in moderate-income geographies. This compares favorably with the percentage of owner occupied units in moderate-income geographies of 11%.

<b>Table 1</b> <b>MSA 1640</b> <b>Mortgage Loans Originated July 1, 1994 through</b> <b>June 30, 1996 By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	3%	2%	2%	12%
<b>Moderate-Income</b>	13%	6%	11%	18%
<b>Middle-Income</b>	52%	41%	53%	45%
<b>Upper-Income</b>	32%	51%	34%	25%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. This table indicates that the bank is adequately lending to borrowers of different incomes levels. For example, 23% of the HMDA related loans are to moderate-income borrowers. This percentage compares very favorably with the demographic data which reveals that 17% of the families are moderate-income.

<b>Table 2 MSA 1640 Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low-Income</b>	13%	5%	20%
<b>Moderate-Income</b>	23%	13%	17%
<b>Middle-Income</b>	27%	17%	24%
<b>Upper-Income</b>	35%	58%	39%
<b>Not Applicable</b>	2%	7%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star makes loans to businesses of different sizes and in varying amounts. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 282 of the number of small business loans or 36% are in LMI geographies. This is detailed in Table 4.
- \$117,947,000 or 31% of the dollar amount of small business loans are in LMI areas.
- Of the 247 loans originated to businesses with annual revenues less than \$1 million, 66, or 27%, were originated to businesses in LMI geographies.
- \$1.5 million or 98% of the dollar amount of small farms loans were made in LMI areas.

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less. This table denotes that 31% of the small business loans are made to companies with revenues under \$ 1 million.

<b>Table 3 MSA 1640 Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	Number	% of Total	Amount in \$000's	% of Total
<b>Small Business</b>	247	31%	\$39,328	10%
<b>Small Farm</b>	3	75%	\$ 37	2%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts and further segregates these loans into low-and moderate-income areas. The table clearly depicts that the bank is making small business and small farm loans in varying amounts; with the heaviest concentration (55%) for loans less than \$100,000. The table also indicates that there is a considerable amount of lending in LMI geographies of this MSA as 36% of the small business and small farm loans are originated in these geographies.

<b>Table 4 MSA 1640 Small Business and Small Farm Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>	<b># of Small Business and Small Farm Loan</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	150	34%	437	55%
<b>Between \$100,000-\$250,000</b>	43	32%	135	17%
<b>More than \$250,000</b>	89	40%	221	28%
<b>Total</b>	282	36%	793	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996

**Consumer Loans:**

Table 5 indicates a high level of penetration in LMI geographies compared with census tract data. Particularly noteworthy is the fact that 27% of the number and 32% of the dollar amount of home equity lines of credit are originated in LMI geographies. This compares favorably with the number of opportunities in this area as the LMI geographies only comprise 13% of the owner occupied units. The percentage of consumer loans in LMI geographies at 17% nearly equals the percentage of families that reside in these tracts at 19%.

<b>Table 5 MSA 1640 Geographic Distribution of Consumer Loans</b>				
<b>Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996</b>	<b>Number (#) of Loans in LMI Geographies</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	1,025	16%	\$7,925	14%
<b>Secured - Other Consumer Loans</b>	110	19%	\$12,394	11%
<b>Unsecured - Other Consumer Loans</b>	428	16%	\$361	13%
<b>Home Equity Lines of Credit</b>	197	27%	\$37,718	32%
<b>TOTAL</b>	1,760	17%	\$58,398	20%

Source: 1994, 1995 and 1996 Consumer Loan Register

**Community Development Loans:**

Star has a high level of community development loans in this MSA. The following is a listing of some other projects that help stabilize neighborhoods.

- *First Step Home Program* - This organization provides treatment and care for chemically dependent women and their children. This organization also provides job skill training and housing for residents. Star provided a \$170,000 loan to this organization in order for them to purchase nine units of affordable housing for their residents.
- *Village of Elmwood Place* - Tax Anticipation Warrant for \$350,000 for road improvements in this moderate-income town.
- *Lockland City School District* - Tax Anticipation Warrant for \$1,500,000 for school improvements in this moderate-income neighborhood.



- *West End Health Center, Inc.* - Leasehold improvements for this center located in a LMI geography.
- *Christian Ministries Center, Inc.* - Purchase property for the organization's headquarters located in a low-income geography. A loan was originated at \$535,000.
- *Anawin Limited Partnership* - A nonprofit social service corporation dedicated to assisting low-income families with affordable housing, targeting homeless and potentially homeless families in Kenton and Campbell Counties. The bank provided a \$1 million term loan and a \$405,000 permanent loan to finance 10 sites purchased that were rehabbed into 23 affordable housing units.
- Star and the City of Newport maintain a housing rehabilitation loan pool for \$750,000. The city borrows the money at prime and lends it to residential property owners in this LMI city for property improvements up to \$10,000 at a reduced interest rate. This loan pool has been fully utilized.
- The bank also lent \$1.55 million on a project to rehab an abandoned office building in downtown Covington, a low-income tract. A majority of the building's office space is occupied by state government offices.

#### **Other Flexible Lending Products:**

Star makes extensive use of flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this MSA. These loan totals are included in the respective mortgage and small business data previously detailed.

*Home Advantage Program* - In 1995, Star originated 302 HAP loans totaling \$16.3 million. This represented 20% of all home purchase loans that the bank closed in 1995. Through the first 6 months of 1996, the bank originated 86 loans at \$4.8 million.

*Home Advantage Home Improvement Program* - In 1995, Star originated 251 HAP home improvement loans aggregating \$1.9 million. Through the first six months of 1996, 160 loans totaling \$1.0 million were originated.

*Weatherization Program* - This home improvement loan program is co-sponsored by Cincinnati Gas and Electric Company. It provides a significant reduction in interest rates based upon gross household income. Rate reductions are as high as 4% to borrowers whose household income is less than \$15,000. In 1995, Star made 98 Weatherization Program loans aggregating \$413,000 and originated 16 totaling \$63,000 through May of 1996 (latest figures available).

*SBA 504 Loan Program* - In 1995, the bank originated 15 SBA 504 loans aggregating \$3.6 million. During the first seven months of 1996, the bank originated 12 SBA 504 loans totaling \$2.9 million.

*SBA 7A Loan Program* - In 1995, the bank originated 24 SBA 7A loans aggregating \$8.3 million in this MSA. For the first 6 months of 1996, the bank made an additional 13 loans totaling \$2.6 million.

*State of Ohio 166 Loan Program* - During 1996, the bank originated 2 Ohio 166 loans totaling \$405,000. This leveraged \$435,000 in State of Ohio dollars.

*Secured Credit Card Program* - In 1995 the bank originated 649 credit card loans that had an outstanding balance of \$195,000 as of year-end 1995. In addition, for the first 6 months of 1996, 297 loans were originated that had an outstanding balance of \$109,000 as of June 30, 1996.

## **INVESTMENT TEST**

Overall, the level of qualified investments in this MSA is rated High Satisfactory. Star has made a significant level of qualified investments and grants, occasionally in a leadership position. The bank exhibits a good responsiveness to credit and community needs. Investments in the region are both innovative and complex and the bank exhibits good responsiveness to the credit and community economic needs.

Investments in this MSA total \$1,209,808. Star invested \$217,652 in the region through donations, sponsorships and grants, \$27,345 of which are donations to Community Development Corporations. Another \$992,156 was invested through LIHTCs.

In addition to the qualified investments previously discussed, below are additional examples of qualified investments for MSA 1640:

*Franciscan II* - The bank has committed \$277,561 with \$106,343 already funded for this LIHTC project which will result in the rehabilitation of 12 scattered site buildings containing 85 units in the Over the Rhine neighborhood.

*Rockdale Manor* - The bank has fully funded its commitment of \$350,000 for this LIHTC project which has resulted in the rehabilitation of 29 low income rental units at three sites in Cincinnati.

*Columbia Tusculum Economic Development Corporation* - The bank donated \$15,000 to this CDC which was formed in 1989 to redevelop the business community in the Columbia Tusculum Neighborhood of Cincinnati.

The bank invested \$5,000 in the *First Step Home Program* which provides safe affordable housing to women who have successfully completed chemical dependence treatment and their dependant children. Women participating in the program reside in one of nine housing units for up to one to three years while working toward self-sufficiency by attaining personal vocational and educational goals.

*Cincinnati Housing Partners* - The bank donated \$1,000 to this CDC which develops affordable housing for LMI buyers.

## SERVICE TEST

Overall, delivery services in MSA 1640 are rated Outstanding. The bank's delivery systems are readily accessible to all portions of its assessment area. The bank's record of opening and closing offices has improved the accessibility of bank services. The bank provides a relatively high level of community development services. Branch hours are tailored to the convenience and needs of the assessment areas.

### Accessibility of Delivery Systems:

Star's retail banking and alternative delivery systems are accessible to all income geographies. Services and business hours do not vary in ways that inconvenience certain portions of the assessment area. Most of the branches have ATMs and are open on Saturday mornings. An ATM was opened in Bond Hill, a low-income geography, in 1995.

Table 6 displays the bank's distribution of branches and compares it to the housing and income characteristics of the area. The table shows a very favorable distribution of branches in relation to the percentage of families that reside in these geographies. Twenty-seven percent of the branches located in MSA 1640 are in LMI geographies. This compares favorably to the percentage of families that reside here at 19%. All alternative delivery systems are available within this MSA.

<b>Table 6 MSA 1640 Distribution of Branches</b>				
<b>Geographic Characteristic:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	8	11%	6%	11%
<b>Moderate-Income</b>	12	16%	13%	19%
<b>Middle-Income</b>	39	53%	51%	45%
<b>Upper-Income</b>	15	20%	30%	25%
<b>Total</b>	74	100%	100%	100%

Source: Bank Internal Records & CRAWIZ

### Changes in Branch Locations:

The opening of branches since the last Public Evaluation have improved the accessibility of delivery systems. Five branches have been opened since January 1995, in conjunction with the opening of Meijer Super stores. In-store facilities are also in place at three Remke's Markets in Northern Kentucky. Star has also completed negotiations to open limited service branches in five Proctor and Gamble facilities throughout MSA 1640. One has been opened and the remainder are scheduled to be opened in the first quarter, 1997.

Star also opened one branch in a low-income geography (Over-the-Rhine) in Cincinnati. This has improved the accessibility of its delivery system in the low-income geographies. Three branches were closed during the period, two were in upper-income geographies. The other closing was in a moderate-income geography as the result of consolidation of the Westside and the Taylor Landing branches in Northern Kentucky. The closing did not have a negative impact on the accessibility of services to customers in the area.

### **Reasonableness of Business Hours and Services:**

Overall branch services and business hours are tailored to the convenience of the customer. Branch managers establish hours to fit the needs of the customer. A sample of branches in LMI geographies was compared to branches in middle- and upper-income geographies. Our review revealed that branches in all income geographies have similar hours and services. Most branches maintain Saturday morning hours and have drive-up facilities.

### **Community Development Services:**

Star provides a relatively high level of community development services. The bank's primary services include providing financial services, addressing credit counseling and providing technical assistance in financial services areas, including providing services in LMI geographies.

The following community development services and educational activities were noted in the Cincinnati assessment areas:

- In 1995, the residential real estate division provided the *First Time Homebuyer Ownership* program in conjunction with local realtors. Originators provided private one-on-one counseling with prospective borrowers.
- Star developed and uses its own *Consumer Credit Workshop* that directly educates consumers regarding proper use of credit.
- Star operates a "*Partnership in Education*" program in a city school in the moderate-income geography. The program is designed to teach banking skills in the school system.
- *Institute for Community Capacity Building (ICCB)* - Star helped establish the ICCB at Xavier University. The ICCB was created to train community and neighborhood representatives on how to take positive assets found in the community and build on those to crowd out liabilities. This can create a better, more stable community for housing and economic development.
- Star co-presented a small business training seminar with the State Treasurer's Office.
- *Small Business Education* - Star participates in small business and entrepreneurial education programs with the following organizations: Minority Supplier Development Council; Communiplex, Inc.; U.C. Small Business Development Center; Hamilton

County Business Center; and the Cincinnati Business Incubator.

*Contract Procurement Conference* - Both bank purchasing officer and regional director of community outreach served on the planning committee. The conference was designed to help small businesses wanting to do business with federal, state, local and private corporations.

- *Covington Housing Fair* - The fair spotlighted housing opportunities available within the city of Covington, including rental, first time home ownership, affordable housing, condominiums and luxury homes.
- *Northern Kentucky Area Development District (ADD)* - ADD started a process in 1993 to determine a housing strategy for the elderly and physically impaired. The bank's regional director of community outreach played an important role in the development of the loan program and solicitation of financial institution investors.
- *Anawim Housing, Inc.* - An organization dedicated to providing safe, decent and affordable housing to the very low income and homeless individuals of Northern Kentucky.
- *Northern Kentucky Housing Partnership* - A technical assistance provider and developer of last resort for affordable housing projects. The bank's regional president serves as a member of the executive committee.
- *Monmouth Street Revitalization Program* - The Taylor's Landing office manager serves on the commission dedicated to revitalizing the main street of Newport, Kentucky.

## State Rating - Ohio

CRA Rating for Ohio: Outstanding

The lending test is rated: Outstanding

The investment test is rated: High Satisfactory

The service test is rated: Outstanding

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN OHIO

The bank has designated 12 assessment areas within the State of Ohio. The Cincinnati assessment area was not evaluated here as it was evaluated in the multistate MSA 1640 portion of this evaluation. Of the remaining 11 assessment areas, 5 were reviewed in total (Cleveland, Columbus, Dayton, Highland County and Preble County). In addition, portions of 2 other assessment areas were reviewed with the Dayton and Columbus areas. For details refer to the "Information on Assessment Areas" section located in the appendix. The assessment areas reviewed in detail will henceforth be collectively referred to as the "Ohio Regions". The Ohio Regions contain 113 of the bank's total 258 branches. In addition, 42.6% of the bank's deposits are generated from these five regions.

For details on the specific counties and major cities in the Ohio Regions, see the respective sections of this evaluation. Four assessment areas and portions of two others were not reviewed in detail during this evaluation. See the appendix section of the evaluation for details of these areas.

Demographic data for the Ohio Regions is detailed in Table 3 of the Star Bank, N. A. section of this evaluation. Additional information is detailed in the respective sections of this evaluation where the Ohio Regions are individually discussed. The Ohio Regions contain 20%, 17%, 24% and 39% of low-, moderate-, middle- and upper-income families, respectively. The assessment areas consist of 1,058 of the bank's 1,699 geographies. Of the 1,058 geographies, 161 (15%) are low-income, 202 (19%) are moderate-income, 437 (41%) are middle-income and 258 (25%) are upper-income geographies. It should be noted that in the Preble County assessment area, there are no LMI geographies.

### CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST IN OHIO

The following narrative summarizes Star's performance under lending, investment and service tests for the Ohio Regions. For more details see the respective sections detailed in the appendix section of this evaluation. These include the discussion for MSA Cleveland, Columbus, Dayton, Highland County and Preble County.

## Lending Test

Overall, Star's lending performance in the State of Ohio is rated Outstanding. The bank has a good penetration in LMI areas, an excellent distribution of loans based upon borrower characteristics, a high level of community development lending, and an extensive use of flexible and innovative lending programs.

**Geographic Distribution and Borrower Distribution** - The geographic distribution of loans reflects a good penetration in the Ohio Regions. This conclusion is based upon the location of the bank's home mortgage, small business and small farm loans, and consumer loans compared with the opportunities within its assessment areas.

### Mortgage Loans:

The geographic distribution of HMDA loans reflects a good dispersion. Table 1 compares the volume of HMDA related loans originated in LMI areas in the Ohio Regions versus the level of owner-occupied units. The bank's mortgage lending in LMI geographies (22%), compares favorably to the percentage of owner-occupied units in similar geographies (18%).

Table 1 State of Ohio Mortgage Loans Originated July 1, 1994 through June 30, 1996 Geography Characteristic*				
Area of Review/MSA	Geography Characteristic	#	\$	% of Owner Occupied Units
Cleveland MSA 1680	Low-Income	9%	7%	6%
	Moderate-Income	21%	15%	11%
Columbus MSA 1840	Low-Income	4%	2%	5%
	Moderate-Income	13%	5%	16%
Dayton MSA 2000	Low-Income	2%	1%	4%
	Moderate-Income	15%	8%	13%
Highland County	Low-Income	NA	NA	NA
	Moderate-Income	29%	39%	28%
Preble County	Low-Income	NA	NA	NA
	Moderate- Income	NA	NA	NA
Total	Low-Income	5%	3%	5%
	Moderate-Income	17%	10%	13%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

The volume of mortgage loans in the bank's assessment areas reviewed to families with low or moderate incomes is good in relation to the percentage of LMI families living in the assessment areas. Table 2 notes that 24% of the number of HMDA loans were originated to moderate-income borrowers. This percentage compares very favorably to the 17% of the families that are in this income category.

<b>Table 2</b> <b>State of Ohio</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>				
<b>Area of Review/MSA</b>	<b>Applicant Income as a % of MSA or State</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Cleveland MSA 1680</b>	Low-Income	18%	10%	21%
	Moderate-Income	30%	24%	17%
<b>Columbus MSA 1840</b>	Low-Income	11%	4%	19%
	Moderate-Income	17%	8%	17%
<b>Dayton MSA 2000</b>	Low-Income	10%	5%	19%
	Moderate-Income	22%	15%	18%
<b>Highland County</b>	Low-Income	10%	5%	26%
	Moderate-Income	20%	12%	20%
<b>Preble County</b>	Low-Income	5%	2%	16%
	Moderate-Income	25%	21%	19%
<b>Total</b>	Low-Income	13%	5%	20%
	Moderate-Income	24%	16%	17%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

### **Small Business and Small Farm Loans:**

Star's distribution of loans between businesses and farms of different sizes is favorable. Table 3 depicts the distribution by the number and amounts of loans to businesses and farms with gross annual revenues of \$1 million or less. It also depicts the percentage of loans made to entities that had revenues less than \$1 million. This table reveals that Star originated 260 small business and farm loans aggregating \$66 million to businesses with revenues less than \$1 million. The table also reveals that a high percentage (31%) of these small business and small farms are made to entities of revenues less than \$1 million.

<b>Table 3 State of Ohio Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Area of Review/MSA</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Cleveland - MSA 1680</b>	89	26%	\$23,712	15%
<b>Columbus - MSA 1840</b>	84	29%	\$33,825	29%
<b>Dayton - MSA 2000</b>	68	39%	\$7,445	15%
<b>Highland County</b>	10	53%	\$386	35%
<b>Preble County</b>	9	47%	\$404	34%
<b>Total</b>	260	31%	\$65,771	20%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 displays the number and percentages of small business and small farm loans in LMI geographies. The table reveals that the bank is making a considerable number of loans, 29% in LMI areas. These percentages range from a high of 53% to 26%.

<b>Table 4 State of Ohio Small Business and Small Farm Loans by Loan Amount at Origination</b>		
<b>Area of Review/MSA</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>
<b>Cleveland - MSA 1680</b>	101	30%
<b>Columbus - MSA 1840</b>	86	28%
<b>Dayton - MSA 2000</b>	71	26%
<b>Highland County</b>	10	53%
<b>Preble County</b>	NA	NA%
<b>Total</b>	268	29%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

### **Consumer Loans:**

Table 5 details Star's penetration of consumer loans into the LMI geographies within the Ohio Regions. The table also includes the percentage of families that reside in LMI geographies. The table reflects that 22% of the number and 25% of the dollar amount of consumer loans are in LMI geographies. This compares very favorably with the percentage of families that reside in these geographies at 25%.

<b>Table 5 State of Ohio Geographic Distribution of Consumer Loans</b>					
<b>Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.</b>	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Percent of Families in LMI Geographies</b>
<b>Cleveland - MSA 1680</b>	1,037	20%	\$19,856	26%	24%
<b>Columbus - MSA 1840</b>	722	23%	\$14,774	20%	28%
<b>Dayton - MSA 2000</b>	733	15%	\$13,620	19%	21%
<b>Highland County</b>	159	28%	\$1,316	24%	30%
<b>Preble County</b>	NA	NA	NA	NA	NA
<b>TOTAL</b>	2,651	22%	\$49,566	25%	25%

Source: 1994,1995 and 1996 Consumer Loan Register

### **Community Development Loans:**

The bank has originated a high level of Community Development loans in the State of Ohio. Several of the most significant projects are detailed in the Star Bank, N. A. section of this evaluation. Others are highlighted in the Cleveland, Columbus, Dayton, Highland County and Preble County sections of this evaluation.

### **Flexible Lending Products:**

Star makes extensive use of flexible lending products throughout Ohio. Products that have had a significant amount of use include: HAP program, the HAP home improvement program, SBA 504 and 7A programs and the secured credit card program. Refer to the five Ohio portions of this report for specific details.

## INVESTMENT TEST

Overall, Star’s level of qualified investments in the State of Ohio is rated High Satisfactory. Star has a reasonable level of qualified investments in the state. The bank exhibits good responsiveness to credit and economic development needs. Additionally, the bank uses complex and innovative investments (See Columbus, Cleveland, Dayton and Highland and Preble Counties for details). Table 6 details the volume of qualified investments in the Ohio Regions.

Table 6 State of Ohio Qualified Investments				
Investment by Area of Review	Grants, Sponsorships and Contributions for Community Development	Grants, Donations Sponsorships to CDCs	Low Income Housing Tax Credits	Region Total
Cleveland	\$20,167	\$6,187	\$594,338	\$620,692
Columbus	\$9,900	\$3,266	\$286,313	\$299,479
Dayton	\$6,473	\$10,000	\$0	\$16,473
Highland County	\$500	\$0	\$0	\$500
Preble County	\$0	\$0	\$0	\$0
<b>TOTALS</b>	\$37,040	\$19,453	\$880,651	\$937,144

Source: Bank Internal Records

### **Investments in Community Development Corporations:**

Since the last evaluation, Star has made investments in 11 CDCs aggregating \$19,453 in the Ohio Regions. These are broken down as follows: Cleveland - 8, Columbus - 2 and Dayton - 1. For details on several of the specific investments, refer to the Star Bank, N. A. section of this evaluation and the various regions reviewed in Ohio.

### **Qualified Grants, Sponsorships and Donations:**

Star has made 45 qualified community development grants, sponsorships or donations aggregating \$37,040 since the last CRA evaluation. They are distributed as follows

- Cleveland - 20
- Columbus - 13
- Dayton - 11
- Highland County - 1

For details on several of these investments, refer to the Star Bank, N. A. section of this evaluation and the various regions reviewed in Ohio.



**Low Income Housing Tax Credits:**

Since the last CRA evaluation, the bank has committed \$3,386,391 in 6 LIHTCs throughout Ohio. Of the committed amount, \$880,651 has been funded. The tax credits committed/funded since the last evaluation are distributed as follows:

- Cleveland - 3
- Columbus - 3

**SERVICE TEST**

Overall, Star’s service test in the State of Ohio is rated Outstanding. The bank’s delivery systems are readily accessible to all portions of its assessment area. The bank’s record of opening and closing offices has improved the accessibility of bank services. Business hours are tailored to the convenience and needs of the assessment areas. The bank provides a relatively high level of community development services.

**Accessibility of Delivery Systems:**

Star’s retail banking and alternative delivery systems are accessible to all income geographies. Services and business hours do not vary in ways that inconvenience certain portions of the assessment area. Most of the branches have ATMs and are open Saturday mornings.

Table 7 displays the bank’s distribution of branches and compares it to the housing and income characteristics of the area. The table shows a satisfactory distribution of branches in relation to the percentage of families that reside in LMI geographies. Twenty-four percent of the branches located in Ohio are in LMI geographies compared to 24% of families that reside in LMI geographies.

<b>Table 7 State of Ohio Distribution of Branches in LMI Geographies</b>			
<b>Area of Review</b>	<b># of Branches</b>	<b>% of Branches</b>	<b>% of Families</b>
<b>Cleveland</b>	12	23%	24%
<b>Columbus</b>	9	26%	28%
<b>Dayton</b>	5	22%	21%
<b>Highland County</b>	1	100%	30%
<b>Preble County</b>	NA	NA	NA
<b>Total</b>	27	24%	24%

Source: Bank Internal Records & CRAWIZ

**Changes in Branch Locations:**

In the five Ohio regions reviewed, 32 branches have been opened since the last CRA evaluation. A large percentage of these openings were in conjunction with the purchase of 24 branches from Household Bank in Columbus, Ohio. After these acquisitions, eight branches were closed. In addition, 8 other branches were closed throughout the Cleveland and Dayton regions. One of the branch closures was in a low-income area. The closing did not have a negative impact on the accessibility of services to customers in the area. See the Dayton portion of this evaluation for details.

**Reasonableness of Hours and Services:**

Overall branch services and business hours are tailored to the convenience of the customer. A sample of branches in LMI geographies was compared to branches in middle- and upper-income geographies. Our review revealed that branches in all income geographies have similar hours and services. Most branches maintain Saturday morning hours and have drive-up facilities.

**Community Development Services:**

Star provides a relatively high level of community development services. The bank's primary services include providing financial services, addressing credit counseling and providing technical assistance in financial services areas, including providing services in LMI geographies. For details, refer to the five Ohio Regions reviewed in detail in this evaluation.

## State Rating - Indiana

CRA Rating for Indiana: Satisfactory

The lending test is rated: High Satisfactory

The investment test is rated: Low Satisfactory

The service test is rated: High Satisfactory

### Description of Institution's Operation in Indiana

The bank has designated one assessment area in the State of Indiana, other than Indiana South East which is included in multistate MSA 1640. The assessment area considered here is referred to as the Indiana Eastern Region and includes Fayette and Wayne Counties and a portion of Randolph County. The major city in this region is Richmond, Indiana. The bank has 12 branches in this assessment area and generates 3.1% of its deposits from this area. Primary competition in this region includes: Bank One Indiana, Harrington Bank and Union County Bank.

The total population in the county is approximately 119,000, with a median family income of \$30,800. The assessment area contains 20%, 21%, 24% and 35% of low-, moderate-, middle- and upper-income families, respectively. The assessment area consists of 32 geographies of which, 1 (3%) is low-income, 6 (19%) are moderate-income, 23 (72%) are middle-income and 2 (6%) are upper-income geographies. Total housing units total 49,042, with 64% owner occupied units, 30% rental, and 6% vacant. The median housing value is \$38,700 with a median year built of 1952.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the region was 5.0%. Manufacturing is the largest industry in the county, followed by the service and retail industries. Major Employers include: Belden Wire and Cable, Inc., Ford Electronics, Union City Body, Inc. A majority of businesses are small businesses. There are 1,989 businesses in this area. Approximately 94% of the businesses have less than 50 employees, with the remaining 6% having between 50 and 499 employees.

### Conclusions with Respect to Performance Test in Indiana

#### LENDING TEST

Overall, lending performance in the State of Indiana is rated High Satisfactory. The bank has a good penetration in LMI geographies for mortgage and small business products. Consumer products adequately penetrate all areas.

***Geographic Distribution and Borrower Distribution*** - There is a good penetration in LMI areas when compared to opportunities available. Business data suggests a high volume of low loan amounts to businesses with less than \$1 million in revenues. Borrower distribution of mortgage products is reasonable and compares with percentage of families.

**Mortgage Loans:**

Table 1 reveals the bank meets the mortgage loan needs of the community when compared to the owner-occupied characteristics of the assessment area. The bank’s mortgage lending in LMI geographies compares very favorably to the percentage of owner-occupied units in similar geographies. For example, 25% of the bank loans were originated in LMI geographies. These geographies contain only 16% of the owner-occupied units.

<b>Table 1</b> <b>State of Indiana</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	1%	1%	1%	3%
<b>Moderate-Income</b>	24%	16%	15%	19%
<b>Middle-Income</b>	66%	64%	76%	72%
<b>Upper-Income</b>	9%	19%	8%	6%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

<b>Table 2</b> <b>State of Indiana</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low-Income</b>	10%	6%	21%
<b>Moderate-Income</b>	19%	14%	21%
<b>Middle-Income</b>	28%	24%	24%
<b>Upper-Income</b>	42%	55%	34%
<b>Not Applicable</b>	1%	1%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank adequately meets the mortgage loan needs of borrowers of different incomes when comparing LMI borrowers to the percentage of families in the same income levels. For example, 19% of the bank's HMDA loans were made to moderate-income families. This percentage almost equals the 21% of the families that are moderate-income.

**Small Business and Small Farm Loans:**

Star originates a high level of loans to businesses of different sizes and in varying amounts. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 19 of the number of small business loans, or 25%, are in LMI geographies.
- \$3.8 million or 26% of the dollar amount of small business loans are in LMI areas.
- Of the 31 loans originated to businesses with annual revenues less than \$1 million, 10, or 32%, were originated to businesses in LMI geographies.

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less. The table depicts that 41% of the small business and 75% of the small farm loans are to entities with annual revenues less than \$1 million.

<b>Table 3 State of Indiana Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	31	41%	\$2,837	20%
<b>Small Farm</b>	3	75%	\$285	93%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts and further segregates these loans into LMI areas. The table shows that the bank is making small business and small farm loans in varying amounts with the heaviest concentration (75%), for loans less than \$100,000. The table also indicates that there is a considerable amount of lending in the LMI areas of the assessment area.

<b>Table 4</b> <b>State of Indiana</b> <b>Small Business and Small Farm Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>	<b># of Small Business and Small Farm Loan</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	13	22%	59	75%
<b>Between \$100,000-\$250,000</b>	4	33%	12	15%
<b>More than \$250,000</b>	2	25%	8	10%
<b>Total</b>	19	24%	79	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

**Consumer Loans:**

Table 5 indicates that 9% percent of consumer loans were made to borrowers that reside in LMI areas. This compares somewhat unfavorably with the percentage of families that reside in these geographies (19%).

<b>Table 5</b> <b>State of Indiana</b> <b>Geographic Distribution of Consumer Loans</b>				
<b>Originations Consumer Loans from Jan. 1, 1995 through June 30, 1996.</b>	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	127	9%	\$978	8%
<b>Secured - Other Consumer Loans</b>	7	12%	\$255	9%
<b>Unsecured - Other Consumer Loans</b>	8	4%	\$18	12%
<b>Home Equity Lines of Credit</b>	11	9%	\$3,146	26%
<b>TOTAL</b>	153	9%	\$4,367	16%

Source: 1994, 1995 and 1996 Consumer Loan Register

### **Community Development Loans:**

In this area, the bank has originated one such loan for \$160,000 to the Indiana Community Business Credit Corporation for working capital. This organization is a private, for profit company where member banks pool capital and share risk for supplemental financing to Indiana small businesses that otherwise would not have access to growth capital.

### **Other Flexible Lending Products:**

The bank uses flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this region.

*Home Advantage Program* - One HAP loan was originated in 1996 at \$31,000.

*Home Advantage Home Improvement Program* - During 1995 and the first six months of 1996, Star originated 16 HAP home improvement loans aggregating \$171,000.

*SBA 504 Loan Program* - In 1995, the bank originated 1 SBA 504 loan at \$85,000.

*SBA 7A Loan Program* - During this rating period, Star originated 2 SBA 7A loans aggregating \$134,000.

*Secured Credit Card Program* - In 1995, the bank originated 34 credit card loans that had an outstanding balance of \$10,000 as of year-end 1995. In addition, in for the first 6 months of 1996, 16 loans were established that had an outstanding balance of \$8,000 as of June 30, 1996.

## **INVESTMENT TEST**

Investment activity in the State of Indiana is rated Low Satisfactory. The bank exhibits adequate responsiveness to credit and community economic needs and the bank occasionally uses innovative or complex investments. Investments in the Indiana region total \$13,325. All qualified investments were in the form of donations. Below are additional examples of qualified investments in this region:

- The bank donated \$7,000 to the Elizabeth Star Neighborhood Association. The donation was used in the renovation of a dilapidated four unit apartment building for use as a neighborhood center.
- The bank donated \$3,500 to the Neighborhood Services Clearinghouse to assist in the renovation/rehabilitation of a residential property by a local neighborhood association for affordable housing rental.
- The bank donated \$3,500 to the Neighborhood Services Clearinghouse which provides technical assistance to new and existing neighborhood associations within the City of Richmond.

## SERVICE TEST

Overall, the bank's delivery systems in the State of Indiana are rated High Satisfactory. Star's delivery systems are accessible to essentially all portions of the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery system. Services and business hours do not vary in a way that inconvenience portions of the assessment area. The bank provides an adequate level of community development services.

### Changes in Branch Locations:

Since January 1995, one branch was closed. The closure was due to the consolidation with another Star branch. Most branches have Saturday hours. No additional branches were opened during the period.

### Accessibility of Delivery Systems:

Retail banking services and alternative delivery systems are reasonably accessible to all portions of Indiana. Similar services are provided throughout the area with comparable hours for each branch noted. Table 6 shows the distribution within Indiana and shows that the delivery systems are essentially accessible to LMI areas. The table depicts that branches in LMI income geographies represent 15% of all branches, which compares favorably to the percentage of families that reside in these geographies, at 19%.

<b>Table 6</b> <b>State of Indiana</b> <b>Distribution of Branches</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	2	15%	1%	3%
<b>Moderate-Income</b>	0	0%	18%	19%
<b>Middle-Income</b>	6	46%	73%	72%
<b>Upper-Income</b>	5	39%	8%	6%
<b>Total</b>	13	100%	100%	100%

Source: Bank Internal Records  
CRAWIZ

### **Reasonableness of Hours and Services:**

Overall branch services and business hours are tailored to the convenience of the customer.

### **Community Development Services:**

Star provides a relatively high level of community development services. The following list details community development, education and counseling programs involvement:

- The residential real estate division provides First Time Home Ownership programs which provide private, one-on-one counseling with a prospective borrower. Star developed and uses its Consumer Credit Workshop that directly educates consumers regarding the proper use of credit.
- Star participated in Career Fairs at Richmond High School and the Kuhlman Center.
- The bank is actively involved in teaching Junior Achievement classes at the local schools, averaging five instructors involved in helping the classes throughout 1995.
- The mortgage loan originators participated in Career Week at the local middle school.

Involvement in community development boards, committees or projects in the local assessment area included:

- Bank representatives were involved in the *Main Street Project*, dedicated to renovation of the central business district. This group meets monthly to discuss opportunities for the City of Richmond and Wayne County.
- *Townsend Community Center* - An organization serving the North Richmond neighborhood, a low-income area with significant minority population. A \$1,000,000 Capital Campaign to renovate the facility. The regional bank president chaired the capital campaign. Additionally, Star provides ongoing counseling services through the center.
- *YMCA* - The bank's regional senior lender is actively involved with this organization as a member of the board of directors. The major focus of the organization is to move from their current facility in the Central Business District due to the dilapidated condition of the century-old building.
- *Economic Growth Group of Wayne County* - The bank's regional president was elected to the board of directors.
- *Neighborhood Services Clearinghouse* - The regional community outreach director is actively involved in this organization and participated in the Neighborhood Forum to gain additional insight into the Richmond/Wayne County community.

## State Rating - Kentucky

**CRA Rating for Indiana:** Satisfactory

**The lending test is rated:** High Satisfactory

**The investment test is rated:** Low Satisfactory

**The service test is rated:** High Satisfactory

### Description of Institution's Operation in Kentucky

The bank has designated one assessment area in the State of Kentucky, other than the Northern Kentucky assessment area, which was included in MSA 1640. The assessment area considered here is referred to as the Kentucky Central and includes Carroll, Marion and Pendleton Counties. For the purpose of this evaluation, Pendleton County was included in the multistate MSA. The major city in this region is Carrollton, Kentucky. The bank has 4 branches in this region and generates 1.0% of its deposits from this area. Primary competition in this area includes First National Bank of Carrollton, Farmers National Bank and Citizens National Bank.

The total population in this region is approximately 26,000, with a median family income of \$22,543. The assessment area contains 23%, 16%, 19% and 42% of low-, moderate-, middle- and upper-income families, respectively. The assessment area consists of 11 geographies of which, 2 (18%) are moderate-income, 8 (73%) are middle-income and 1 (9%) is upper-income geographies. Total housing units total 9,985, with 67% owner occupied units, 26% rental and 7% vacant. The median housing value is \$38,400 with a median year built of 1966.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the region was 4.0%. Services are the largest industry in the county, followed by the wholesale and manufacturing industries. Major Employers include: Dow Corning Corporation, Dravo Lime Company and Worthington Custom Plastics, Inc. A majority of businesses are small businesses. There are 474 businesses in this area. Approximately 94% of the businesses have less than 50 employees with the remaining 6% having between 50 and 499 employees.

### Conclusions with Respect to Performance Test in Kentucky

#### LENDING TEST

Overall, lending performance in the State of Kentucky is considered High Satisfactory. The bank's penetration in LMI geographies is good. Borrower distribution is also considered good, given the level of families and number and dollar volume of loans originated. Business data indicates very little lending in moderate-income areas. However, this is mitigated by the lack of small businesses in these geographies.

**Geographic Distribution and Borrower Distribution**- The bank is providing loans to all areas. Given the type of assessment area (number of geographies in each income level), the percentages may be misleading. By referring to Tables 3 and 7 of the Star Bank, N. A. section of this evaluation, a clearer picture of the number and dollar amounts indicates an acceptable level of originations to borrowers of different income levels and to all areas of the assessment area.

**Mortgage Loans:**

Table 1 reveals the bank’s mortgage lending in moderate-income geographies compares somewhat unfavorably to the percentage of owner-occupied units in similar geographies. The bank originated 4% of its loans in moderate-income geographies. However, these tracks contain only 8% of owner-occupied units in this area. The bank’s lending in middle and upper income tracks closely corresponds to the volume of owner-occupied units in these geographies.

<b>Table 1</b> <b>State of Kentucky</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low- Income</b>	0%	0%	0%	0%
<b>Moderate-Income</b>	4%	1%	8%	18%
<b>Middle-Income</b>	88%	89%	86%	73%
<b>Upper-Income</b>	8%	10%	6%	9%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank adequately meets the mortgage loan needs of borrowers of different incomes when comparing LMI borrowers to the percentage of families in the same income levels. Once again the percentages in this table may be misleading. In order to provide a better perspective on performance refer to Table 7 of the Star Bank, N. A. section of this evaluation.

<b>Table 2</b>			
<b>State of Kentucky</b>			
<b>Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low- Income</b>	6%	2%	23%
<b>Moderate-Income</b>	12%	7%	16%
<b>Middle-Income</b>	24%	19%	19%
<b>Upper-Income</b>	57%	71%	42%
<b>Not Applicable</b>	1%	1%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star makes loans to businesses of different sizes and in varying amounts. Star made no small farm loans with the State of Kentucky during this period. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 2 small business loans or 8% are in LMI geographies.
- \$115,000 or 2% of the dollar amount of small business loans are in LMI areas.
- Of the 10 loans originated to businesses with annual revenues less than \$1 million, one, or 10%, was originated to a business in a LMI geography.

Table 3 displays the loan activity based on businesses with gross annual revenues of \$1 million or less. It reveals that 40% of the small business loans were to companies that had revenues less than \$1 million.

<b>Table 3</b>				
<b>State of Kentucky</b>				
<b>Small Business Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	10	40%	\$236	3%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996

Table 4 shows the loan activity by origination amounts and further segregates these loans into moderate-income areas. Table 4 clearly shows that the bank is making small business loans in varying amounts; however, the heaviest concentration (76%) are for loans less than \$100,000. The table also indicates that there is very little lending in the moderate-income areas of this assessment area. No data was available to determine the number of small businesses in moderate-income areas.

<b>Table 4</b>				
<b>State of Kentucky</b>				
<b>Small Business Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business Loans in Moderate Areas</b>	<b>% of Total # of Small Business Loans</b>	<b># of Small Business Loans</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	2	10%	19	76%
<b>Between \$100,000-\$250,000</b>	0	0%	2	8%
<b>More than \$250,000</b>	0	0%	4	16%
<b>Total</b>	2	8%	25	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

### **Consumer Loans:**

Table 5 reflects that the bank is very active in providing consumer credit to all areas of this assessment area. This is evidenced by the fact that 15% of the number and 35% of the dollars lent are in the two moderate-income geographies. This compares very favorably to the fact that 8% of the families are located in these geographies.

<b>Table 5 State of Kentucky Geographic Distribution of Consumer Loans</b>				
<b>Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.</b>	<b>Number (#) of Loans in Moderate Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in Moderate Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	53	13%	359	13%
<b>Secured - Other Consumer Loans</b>	1	6%	35	4%
<b>Unsecured - Other Consumer Loans</b>	6	15%	3	14%
<b>Home Equity Lines of Credit</b>	24	26%	572	21%
<b>TOTAL</b>	84	15%	\$969	35%

Source: 1994, 1995 and 1996 Consumer Loan Register

### **Community Development Loans:**

There are no community development loans within this assessment area. There are very little opportunities in the bank's Kentucky assessment area due to the fact that there are no low-income geographies and only 2 moderate-income geographies.

### **Other Flexible Lending Products:**

The bank uses flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this region.

*Home Advantage Program* - Although this program is available, no HAP loans were originated in 1995 or through the first 6 months of 1996.

*Secured Credit Card Program* - During the first six months of 1996, 1 loan was closed that had an outstanding balance of \$1,000 as of June 30, 1996.

## **INVESTMENT TEST**

Star's investment activity in the State of Kentucky is rated Low Satisfactory. There are no qualified investments in the region. Very little opportunity exists for the bank to make qualified investments in this assessment area.

## **SERVICE TEST**

Overall, the bank's delivery systems in the State of Kentucky are rated High Satisfactory. Delivery systems are accessible in all portions of the assessment area. There have been no changes made in the branch structure since the last evaluation. Services and business hours do not vary in ways that inconvenience portions of the assessment area. The bank provides a wide range of community development services.

### **Accessibility of Delivery Systems:**

Retail banking services and alternative delivery systems are reasonably accessible to all portions of the assessment area. Similar services are provided throughout the area with comparable hours for each branch noted.

### **Changes in Branch Locations:**

Since January 1995, there have been no branch openings or closings. Most branches have Saturday morning hours. The bank has three branches, all located in middle- income geographies. Demographic data denotes that 88% of the families in the assessment area reside in these tracks.

### **Reasonableness of Hours and Services:**

Overall branch services and business hours are tailored to the convenience of the customer.

### **Community Development Services:**

Star provides an adequate level of community development services. The bank's primary services include providing financial services, addressing credit counseling and providing technical assistance in financial services areas, including providing services in LMI geographies. Involvement in activities designed to enhance community development include:

- *Senior Citizen Presentation* - Bank employees spoke to the Lebanon/Marion County Senior Citizens group. They discussed checking, savings, alternative investments and trust services available at Star.
- *Marion County High School Senior's* - A bank employee spoke to seniors about student checking and student loans.

## APPENDIX

## Scope of Examination

Time Period Reviewed	6/30/94 to 6/30/96		
<b>Financial institution</b>  Star, N.A.			<b>Products reviewed</b>  Mortgage Loans, Home Improvement Loans, Small Business and Small Farm Loans, Community Development Loans
<b>Affiliate(s)</b>  Star Finance, Inc.	<b>Affiliate relationship</b>  Holding Co. Subsidiary		<b>Products reviewed</b>  Consumer Finance
List of Assessment Areas and Type of Examination			
Assessment Area	Type of Exam	Branches Visited	Other Information
<b>Ohio</b>  MSA 1640 Cincinnati MSA 1680 Cleveland MSA 1840 Columbus MSA 2000 Dayton Highland County Preble County MSA 80 Akron/Canton MSA 3200 Butler County Circleville Sidney Tri-State Troy	on-site on-site on-site on-site off-site off-site off-site, no procedures off-site, no procedures off-site, no procedures off-site, no procedures off-site, no procedures off-site, no procedures off-site, no procedures	1 1 1 1 0 0 0 0 0 0 0 0	MSA 1640 is a multistate MSA          Portion reviewed with Columbus       Portion reviewed with Dayton
<b>Indiana</b>  MSA 1640 Indiana Eastern	off-site off-site	0 0	MSA 1640 is a multistate MSA
<b>Kentucky</b>  MSA 1640 Kentucky Central	on-site off-site	0 0	MSA 1640 is a multistate MSA

## Summary of State and Multistate MSA Ratings

<b>State or Multistate MSA</b>	<b>Lending test rating</b>	<b>Investment test rating</b>	<b>Service test rating</b>	<b>Overall rating State/Multistate</b>
<b>1640 Cincinnati</b>	Outstanding	High Satisfactory	Outstanding	Outstanding
<b>Ohio</b>	Outstanding	High Satisfactory	Outstanding	Outstanding
<b>Indiana</b>	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory
<b>Kentucky</b>	High Satisfactory	Low Satisfactory	High Satisfactory	Satisfactory

## Information on Assessment Areas Reviewed

The following is a listing of the assessment areas reviewed during this evaluation:

<b>Cincinnati</b>	This region represents a portion of the multistate MSA 1640. Included in this area are the following assessment areas: Cincinnati (including Hamilton and portions of Clermont and Warren Counties), Kentucky-Northern (including Boone, Campbell, and Kenton Counties) and Indiana-South Eastern (including Dearborn County). Also included is Pendleton County, which is part of the Kentucky Central Region. Pendleton County is in MSA 1640.
<b>Cleveland</b>	This region represents a portion of MSA 1680. Included in this area are the following counties: Cuyahoga and portions of Lake, Lorain, and Medina.
<b>Columbus</b>	This region represents a portion MSA 1840. The area is comprised of the following counties: Franklin and portions of Delaware and Fairfield. Also included is a portion of Pickaway County, which is part of the Circleville Region. Pickaway County is in MSA 1840.
<b>Dayton</b>	This region represents a portion of MSA 2000. The area is comprised of the following counties: Green, Montgomery and portions of Clark and Warren. Also included is a portion of Miami County, which is a part of the Troy Region. Miami County is in MSA 2000.
<b>Indiana-Eastern</b>	This region represents the following Indiana Counties: Fayette, Wayne and portions of Randolph.
<b>Kentucky-Central</b>	This region represents the following Kentucky Counties: Carroll and Marion.
<b>Highland County</b>	This region represents Highland County in Ohio.
<b>Preble County</b>	This region represents Preble County in Ohio.
<b>All Other</b>	Assessment areas not specifically reviewed during this evaluation including the following: Akron-Canton, Butler County, Sidney, Tri-State, portion of Circleville and a portion of Troy.

## **Metropolitan Statistical Area - MSA 1680**

### **Conclusions with Respect to Performance Test in MSA 1680 - Cleveland-Lorain-Elyria, Ohio**

Star's performance in meeting the credit needs of its assessment area within MSA 1680 is consistent with the overall ratings assigned to the bank. There is an excellent level of lending throughout the assessment area. The bank has a significant level of qualified community development investments within the MSA. Delivery systems are readily accessible to all areas.

### **Description of Institution's Operations in MSA 1680**

Star's assessment area in this MSA includes Cuyahoga County and portions of Lake, Lorain and Medina Counties. The largest city in this region is Cleveland, Ohio. This MSA represents the area that contains the second highest percentage of branches and deposits of any of the areas reviewed during this examination. Star has 52 branches within this MSA, which represents 20% of all of the bank's branches. In addition, 23% of the bank's deposits are generated from this MSA. Primary competition in this area includes: KeyBank National Association, National City Bank Cleveland and Third Federal Savings and Loan.

### **Description of MSA 1680**

As detailed in Table 3 of the Star Bank, N. A. section of this evaluation, the total population in the areas served by the bank is 1.7 million. The 1990 MSA median family income is \$36,500. The assessment areas contain 21%, 17%, 23% and 39% of low-, moderate-, middle- and upper-income families, respectively. Of the 567 geographies in the assessment areas, 109 (19%) are low-income, 97 (17%) are moderate-income, 218 (39%) are middle-income and 143 (25%) are upper-income geographies. Total housing units aggregate 713,109, with 60% owner occupied units, 36% rental, and 6% vacant. The median housing value is \$64,650 with a median year built of 1951.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the MSA was 4.3%. The service industry is the largest industry in the MSA, followed by manufacturing and retail trade. Major employers include: U.S. Government, Cleveland Clinic, Cuyahoga County, Board of Education, LTV Steele and Key Corp. A majority of businesses are small businesses. There are 38,332 businesses in this area. Approximately 93% of the businesses have less than 50 employees, 6% have between 50 and 499 employees, and 1% have more than 500 employees.

### **LENDING TEST**

The bank has excellent geographic distribution, excellent borrower distribution, high distribution of consumer loans in LMI areas, is a leader in community development activities, and makes extensive use of flexible lending practices.

**Geographic Distribution and Borrower Distribution** - The bank has managed to penetrate all geographies in excess of comparable opportunities. This trend is noticed in all types of lending: mortgage, small business, small farm and consumer products.

**Mortgage Loans:**

Table 1 discloses that the bank has an excellent record of helping to meet the mortgage loan needs of the LMI areas of this community when compared to the owner-occupied characteristics of the assessment area. The bank’s mortgage lending in LMI geographies (30%) compares favorably to the percentage of owner-occupied units in similar geographies (17%).

<b>Table 1</b> <b>MSA 1680</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	9%	7%	6%	21%
<b>Moderate-Income</b>	21%	15%	11%	17%
<b>Middle-Income</b>	46%	41%	49%	38%
<b>Upper-Income</b>	24%	37%	34%	24%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank strongly meets the mortgage loan needs of borrowers of different incomes when comparing LMI borrowers to the percentage of families in the same income levels. It should be noted that mortgage loans to moderate-income borrowers (30%) greatly exceed the percentage of moderate-income families within the MSA, (17%).

<b>Table 2</b>			
<b>MSA 1680</b>			
<b>Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low-Income</b>	18%	10%	21%
<b>Moderate-Income</b>	30%	24%	17%
<b>Middle-Income</b>	25%	22%	23%
<b>Upper-Income</b>	26%	37%	39%
<b>Not Applicable</b>	1%	7%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star, N.A. makes loans to businesses of different sizes and in varying amounts. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 101 of the number of small business loans or 30% are in LMI geographies. Refer to table 4 for details.
- \$53,017M or 34% of the dollar amount of small business loans are in LMI geographies.
- Of the 87 loans originated to businesses with annual revenues less than \$1 million, 26, or 30%, were originated to businesses in LMI geographies.
- \$750,000 or 79% of the dollar amount of small farms loans were made in LMI areas.

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less:

<b>Table 3 MSA 1680 Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	87	26%	\$22,762	15%
<b>Small Farm</b>	2	100%	\$950	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts and further segregates these loans into low-and moderate-income areas. This table displays that the bank is making small business and small farm loans in varying amounts with the heaviest concentration (55%) for loans less than \$100,000. The table also indicates that there is a considerable amount of lending in the LMI areas of this MSA.

<b>Table 4 MSA 1680 Small Business and Small Farm Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>	<b># of Small Business and Small Farm Loans</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	55	30%	186	55%
<b>Between \$100,000-\$250,000</b>	21	32%	66	20%
<b>More than \$250,000</b>	25	30%	84	25%
<b>Total</b>	101	30%	336	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

**Consumer Loans:**

Table 5 shows that the bank is doing well in providing secured credit as well as HELOCs within the LMI areas of this MSA. The percentage of loans in LMI geographies compares favorably to the percentage of LMI families residing in these areas (20% versus 24%).

<b>Table 5 MSA 1680 Geographic Distribution of Consumer Loans</b>				
<b>Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.</b>	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	442	17%	\$3,825	18%
<b>Secured - Other Consumer Loans</b>	121	42%	\$8,067	33%
<b>Unsecured - Other Consumer Loans</b>	436	20%	\$431	20%
<b>Home Equity Lines of Credit</b>	38	27%	\$7,533	27%
<b>TOTAL</b>	1,037	20%	\$19,856	26%

Source: 1994,1995 and 1996 Consumer Loan Register

**Community Development Loans:**

Star has provided extensive community development opportunities which are both innovative and complex. In addition to the ones listed in the Star Bank, N.A. section of this evaluation, the following loans were originated since the last Public Evaluation:

- Star financed a \$3.1 million construction loan to the nonprofit developer of Mt. Pleasant Now Development Corporation. This was a low-income lease/purchase project that provided 50 single family infill houses in the Mt. Pleasant Neighborhood.
- Star financed a loan for the construction of 50 new infill homes and the rehabilitation of 10 homes on the east side of Cleveland. Total cost of the project was \$5.2 million, with the bank’s portion at \$4.2 million. This is also a low-income lease/purchase project that was made to Famicos Foundation, which is a nonprofit developer.
- Star financed a \$400,000 revolving loan to a for profit developer. Proceeds of the line are to construct new homes on the east side of Cleveland. The homes will be sold to LMI individuals.

- Star financed a \$1.4 million construction loan to Ohio City Near West Development Corporation, a nonprofit organization. Proceeds of the loan were to construct a grocery store in a moderate-income geography.
- Playhouse Square Hotel - Rehab of a 203-room hotel for \$500,000 to aid in the redevelopment of a low-income geography in downtown Cleveland.
- Financing of a 12,000 square foot industrial building saving 21 jobs in a low-income neighborhood for \$194,000.
- Financing of \$1,072,000 for a 50-bed nursing home located in a low-income geography.
- First Cuyahoga Housing Limited Partnership - provided financing for 21 apartments with 125 rental units for \$745,000.
- Neighborhood Housing Corp. financing of 5 single family homes rehabilitated for sale in Cleveland neighborhoods for \$165,000.

**Other Flexible Lending Products:**

The bank makes extensive use of flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used:

*Home Advantage Program* - In 1995, Star originated 392 HAP loans totaling \$20.5 million. This represented 59.6% of all home purchase loans that the bank closed in 1995. Through the first 6 months of 1996, the bank originated 137 HAP loans at \$6.7 million.

*Home Advantage Home Improvement Program* - In 1995, Star originated 91 HAP home improvement loans aggregating \$695,000. Through the first six months of 1996, 49 loans totaling \$521,000 were originated.

*SBA 504 Loan Program* - In 1995, the bank originated 2 SBA 504 loans aggregating \$569,000. During the first seven months of 1996, the bank originated 1 SBA 504 loan at \$312,400.

*SBA 7A Loan Program* - In 1995, the bank originated 20 SBA 7A loans aggregating \$2.7 million in this MSA. For the first 6 months of 1996, the bank made an additional 4 loans totaling \$312,000.

*State of Ohio 166 Loan Program* - During 1996, the bank originated 1 Ohio 166 loan totaling \$108,000. This leveraged \$86,000 in State dollars.

*Secured Credit Card Program* - During 1995 the bank originated 404 credit card loans that had an outstanding balance of \$144,000 as of year-end 1995. In addition, during the first 6 months of 1996, 201 loans were established that had an outstanding balance of \$51,000 as of

June 30, 1996.

## **INVESTMENT TEST**

Investments in MSA 1680 reflect a significant amount of activity. Investments in the Cleveland region total \$620,692. Star invested \$26,354 in the region through donations, sponsorships and grants, \$6,187 of which are donations to Community Development Corporations. Another \$594,338 was invested through Low Income Housing Tax Credit projects.

In addition to the qualified investments previously discussed in the Star Bank, N.A. - Investment Test section of this evaluation, below are additional examples of qualified investments for MSA 1680:

*National Equity Fund* - The bank has committed \$500,000 and funded \$23,560 in this LIHTC which is a pool of funds used to provide financing for low-income rental housing developed by CDCs.

*Neighborhood Center Association* - The bank donated \$2,833 to this association of 21 community centers throughout Cleveland.

*Northeastern Neighborhood Development Corporation* - The bank donated \$250 to this CDC which revitalizes and stabilizes housing and economic interest in the community.

*Mt. Pleasant NOW Corporation* - The bank donated \$1,000 to this CDC whose purpose is to stabilize economic interest in the community.

*Enterprise Foundation* - The bank donated \$1,000 to this CDC which organizes corporate investors for the production of low-income housing through individual projects and national and regional equity funds.

## **SERVICE TEST**

The bank's performance with respect to the service test is consistent with the State of Ohio rating. Star's delivery systems are available to all segments of the assessment area and services do not inconvenience portions of the assessment area. Star's record of opening and closing branches has not adversely affected the accessibility of its delivery system. The bank provides a wide range of community development services.

Retail banking services and alternative delivery systems are reasonably accessible to all portions of MSA 1680. Since January 1995, five branches in upper-income geographies have been closed and one was opened. Similar services are provided throughout the area with comparable hours for each branch. Most branches have Saturday hours.

Table 6 shows the distribution of branches within MSA 1680 and shows that the delivery systems are reasonably accessible to LMI areas of the MSA. The table shows an overall satisfactory distribution of low-, moderate-, middle-, and upper-income geographies when compared to the characteristics of the geographies in the assessment areas. Twenty-three percent of the branches are located in LMI geographies. This compares favorably with the percentages of families, 25%, that reside in these geographies.

<b>Table 6 MSA 1680 Distribution of Branches</b>				
<b>Geographic Characteristic:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	7	13%	11%	19%
<b>Moderate-Income</b>	5	10%	14%	17%
<b>Middle-Income</b>	23	44%	45%	39%
<b>Upper-Income</b>	17	33%	31%	25%
<b>Total</b>	52	100%	100%	100%

Source: Bank Internal Records

The bank introduced a very active Small Business Center which underwrote the small business loans submitted by the Business Banking Officers and Branch Managers.

Star provides an adequate level of community development services. The bank's primary services include providing financial services, addressing credit counseling and providing technical assistance in financial services areas, including providing services in LMI geographies.

Examples of Star's community involvement include:

Participation in the City of Cleveland's Empowerment Zone Business Blitz - The bank's employees volunteered to help provide small businesses an opportunity to learn how to access funds from the Empowerment Program, SBA, the Growth Association, and from banks.

The bank was involved in the planning and sponsorship of the "Buying into Cleveland Home Show".

Star operates one branch in a predominately moderate-income Hispanic geography. The branch provides a translator for Spanish-speaking customers. In addition, some of the product advertisements are in Spanish.

Small Business Education - Star participates in small business and entrepreneurial education programs with the Minority Supplier Development Council.

Homebuyer Education is provided through the Lutheran Social Services.

## **Metropolitan Statistical Area - MSA 1840**

### **Conclusions with Respect to Performance Test in MSA 1840 - Columbus, Ohio**

Star's performance in meeting the credit needs of its assessment area within MSA 1840 is consistent with the overall ratings assigned to the bank. There is a good level of lending throughout the assessment area. The bank has a reasonable level of qualified community development investments within the MSA. Delivery systems are readily accessible to all areas.

### **Description of Institution's Operations in MSA 1840**

The bank has designated one assessment area within this MSA and a portion of another county (refer to the section entitled "Assessment Areas Not Reviewed" with reference to Circleville). The largest of the assessment areas is the Columbus Region which is comprised of Franklin County and portions of Delaware and Fairfield Counties. Also included is a portion of Pickaway County, which is a part of the Circleville Region. The largest city in this MSA is Columbus, Ohio.

This MSA represents the area that contains the third largest percentage of branches and deposits of any of the areas reviewed during this examination. Star has 35 branches within this MSA, which represents 13% of all of the bank's branches. In addition, 12% of the bank's deposits are generated from this MSA. Primary competition in this area includes: Bank One Columbus, State Savings Bank, and National City Bank Columbus.

### **Description of MSA 1840**

As detailed in Table 3 of the Star Bank, N.A. section of this evaluation, the total population in the areas served by the bank in this MSA is 1.1 million. The 1990 MSA medium family income is \$36,792. The assessment areas contain 19%, 17%, 24% and 40% of low-, moderate-, middle- and upper-income families, respectively. The assessment areas consist of 266 geographies. Of the 266 geographies, 35 (13%) are low-income, 67 (25%) are moderate-income, 100 (38%) are middle-income and 64 (24%) are upper-income geographies. Total housing units total 438,191, with 54% owner-occupied units, 40% rental, and 6% vacant. The median housing value is \$64,700 with a median year built of 1962.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the MSA was 3.5%. The service industry is the largest industry, followed by retail trade and government. Major employers include: the State of Ohio, Ohio State University, U.S. Government, Honda of America Manufacturing Inc. and Limited, Inc. A majority of businesses are small businesses. There are 21,438 businesses in this area. Approximately 93% of the businesses have less than 50 employees, 6% have between 50 and 499 employees and 1% have more than 500 employees.

### **LENDING TEST**

The bank has a reasonable geographic distribution, an adequate borrower distribution and an excellent penetration of small business loans in LMI areas.

**Geographic Distribution and Borrower Distribution** - The bank has managed to penetrate all geographies compared with the opportunities available. This trend is noticed in mortgage and consumer products. The bank has 28% of the number of loans originated to small businesses and small farms in LMI geographies. The bank has a reasonable distribution of loans with respect to borrower income levels when compared with percentage of families in each income bracket.

**Mortgage Loans:**

Table 1 reveals the bank meets the mortgage loan needs of the community when compared to the owner-occupied characteristics of the assessment area. The bank’s mortgage lending in LMI geographies compares adequately to the percentage of owner-occupied units in similar geographies. For example, 13% of the number of mortgage loans were made in moderate-income geographies, which compares favorably to the percentage of owner-occupied units in moderate-income geographies at 16%.

<b>Table 1</b> <b>MSA 1840</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	4%	2%	5%	14%
<b>Moderate-Income</b>	13%	5%	16%	25%
<b>Middle-Income</b>	37%	25%	38%	37%
<b>Upper-Income</b>	46%	68%	41%	24%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Loan distribution by borrower income compared to the percentage of families by income level is presented in Table 2. This table shows the bank adequately meets the mortgage loan needs of borrowers of different incomes when comparing the percentage of LMI borrowers to the percentage of families in the same income levels. This table reflects that 17% of the families are moderate-income, which is the same percentage as the number of HMDA loans that the bank originated to moderate-income borrowers.

<b>Table 2 MSA 1840 Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low- Income</b>	11%	4%	19%
<b>Moderate-Income</b>	17%	8%	17%
<b>Middle-Income</b>	26%	18%	24%
<b>Upper-Income</b>	44%	63%	40%
<b>Not Applicable</b>	2%	7%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star makes loans to businesses of different sizes and in varying amounts. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 86 of the number of small business loans or 28% are in LMI geographies.
- \$69.5 million or 59% of the dollar amount of small business loans are in LMI areas.
- Of the 82 loans originated to businesses with annual revenues less than \$1 million, 19, or 23%, were originated to businesses in LMI geographies.

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less:

<b>Table 3 MSA 1840 Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	82	27%	\$33,569	28%
<b>Small Farm</b>	2	100%	\$256	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts and further segregates these loans into LMI areas. The table clearly depicts that the bank is making small business and small farm loans in varying amounts, with the heaviest concentration (58%) for loans less than \$100,000. The table also indicates that there is a considerable amount of lending in the LMI areas.

<b>Table 4 MSA 1840 Small Business and Small Farm Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>	<b># of Small Business and Small Farm Loan</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	31	17%	179	58%
<b>Between \$100,000-\$250,000</b>	23	36%	64	21%
<b>More than \$250,000</b>	32	51%	63	21%
<b>Total</b>	86	28%	306	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

## Consumer Credit:

Table 5 indicates that the bank is making various types of consumer credit to LMI areas in this MSA in a reasonable manner when compared with the distribution of geographies of this MSA. Twenty-three percent of the number of consumer loans are in these geographies. This compares with 28% of the families that live in LMI geographies.

<b>Table 5</b> <b>MSA 1840</b> <b>Geographic Distribution of Consumer Loans</b>				
Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	374	21%	\$3,021	21%
<b>Secured - Other Consumer Loans</b>	20	14%	\$3,402	13%
<b>Unsecured - Other Consumer Loans</b>	274	26%	\$229	16%
<b>Home Equity Lines of Credit</b>	54	23%	\$8,122	28%
<b>TOTAL</b>	722	23%	\$14,774	20%

Source: 1994, 1995 and 1996 Consumer Loan Register

## Community Development Loans:

Star has provided an adequate level of community development opportunities which are complex in nature. Below is a listing of some of the projects that the bank has been involved in during the evaluation period:

- Star participated in a leadership capacity on the 88/96 Project. This project encompassed 20 affordable rental units in a low-income area to benefit low-income individuals. The bank placed an equity injection of \$252,000 (see the Star Bank, N.A. - Investment Test section) into the partnership and provided the sole funding in the construction loan and permanent mortgage loan for \$325,000.
- Star made a loan to the Day Springs CDC which acquires, rehabilitates and resells properties in LMI areas for \$115,000.
- The bank, along with other financial institutions, and the City of Columbus created the Downtown Housing Loan Fund. Star committed \$1,000,000 in order to stimulate developers who have been unable to find financing from a single source due to the untested downtown residential market. To date, no funding has been required. Draws are made on an as-needed basis.

### **Other Flexible Lending Products:**

The bank uses flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this MSA.

*Home Advantage Program* - In 1995, Star originated 78 HAP loans totaling \$3.7 million. This represented 18% of all home purchase loans that the bank closed in 1995. Through the first 6 months of 1996, the bank originated 38 loans at \$1.7 million.

*Home Advantage Home Improvement Program* - In 1995, Star originated 52 HAP home improvement loans aggregating \$428,000. Through the first six months of 1996, 40 loans totaling \$371,000 were originated.

*Ohio Agri Link Program* - This program, which is offered through the State of Ohio, allows the bank to originate farm loans at a reduced interest rate. In 1995, the bank originated 13 loans totaling \$935,000. This saved farmers an estimated \$35,000 in interest over a one year period.

*SBA 504 Loan Program* - In 1995, the bank originated 1 SBA 504 loan for \$233,200. During the first seven months of 1996, the bank originated 2 SBA 504 loans totaling \$460,489.

*SBA 7A Loan Program* - In 1995, the bank originated 3 SBA 7A loans aggregating \$240,000 in this MSA. For the first 6 months of 1996, the bank made an additional 6 loans totaling \$715,000.

*Secured Credit Card Program* - During 1995 the bank originated 36 credit card loans that had an outstanding balance of \$9,000, as of year-end 1995. In addition, for the first 6 months of 1996, 40 loans were established that had an outstanding balance of \$12,000 as of June 30, 1996.

## **INVESTMENT TEST**

MSA 1840 reflects a reasonable level of investment activity. Investments in the Columbus region total \$299,479. Star invested \$13,166 through donations, sponsorships and grants and \$3,266 in CDCs. An additional \$286,313 was invested through Low Income Housing Tax Credits.

*YMCA SRO Project* - The bank has committed \$889,749 and funded \$9,671 for this Low Income Housing Tax Credit project which will repair and renovate 400 units in the main branch of the YMCA.

*Ohio Equity Fund for Housing IV* - The bank has committed \$500,000 and funded \$25,000 for this Low Income Housing Tax Credit project which will result in the development of 40 units of residential housing, 24 which will be reserved for LMI tenants.

Star donated \$200 to the *Mid Ohio Regional Planning Commission's Hope 3 Program* which is aimed at increasing home ownership opportunities for low-income families in Franklin County.

## SERVICE TEST

Star's delivery systems are accessible to essentially all portions of the assessment area. Star's record of opening and closing branches has improved the accessibility of its delivery system in low-income geographies. Services do not vary in a way that inconvenience portions of the assessment area. The bank provides a relatively high level of community development services.

Retail banking services and alternative delivery systems are reasonably accessible to all portions of the assessment areas. In May 1996, the bank opened a loan production office in the Redwood Development Center which is located in a low-income geography.

In July 1995, Star expanded its presence in the assessment areas in MSA 1840 by purchasing 24 former Household Bank offices. Due to an overlapping of existing Star branches and acquired branches, eight of the branches were closed. None of the closures were in LMI areas. Most of these were found in predominately middle- and upper-income geographies. No additional branches were opened during the period.

Similar services are provided throughout the area with comparable hours for all branches. Star

Bank operates six branches in Kroger stores and one branch in a retirement community in the assessment area. Most branches are open on Saturday mornings.

Table 6 shows the branch distribution within the MSA 1840 and shows that the delivery systems are reasonably accessible to LMI areas. The table shows an overall adequate distribution of low-, moderate-, middle-, and upper-income geographies when compared to the characteristics of the geographies in the assessment areas. Twenty-six percent of the branches are located in LMI geographies. This compares favorably with the percentages of families, 28% that reside in these geographies.

<b>Table 6 MSA 1840 Distribution of Branches</b>				
<b>Geographic Characteristic:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	1	3%	9%	13%
<b>Moderate-Income</b>	8	23%	19%	25%
<b>Middle-Income</b>	16	45%	37%	38%
<b>Upper-Income</b>	10	29%	35%	24%
<b>Total</b>	35	100%	100%	100%

Source: Bank Internal Records  
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The bank's performance with respect to the service test is reasonable. Star provides an adequate level of community development services. Star supported most nonprofit organizations targeting LMI geographies and individuals. These organizations include:

- the Minority Supplier Development Council
- the Redwood Development Center
- Columbus Neighborhood Services, U.S. Asian Festival
- Urban Business Professional Association
- North Linden Elementary and Christmas In April

The bank also participated in the following business development events:

- Urban Business Association booth
- Lender Fair
- Arranged HAP financial counseling through the Ohio State University extension service
- Worked with the OSU Extension center supporting the Mastering your Money Volunteers program

In May 1996, Star entered a lease and consulting agreement with the Redwood Development Center. The agreement enables the center to provide referrals, technical assistance and education to existing and prospective customers at the location and throughout this low-income geography.

The bank participated in the following activities as presenters:

- Mid Ohio Regional Commission HOPE III home buyer seminars
- CAMCO financial and home buyer seminar

# **Metropolitan Statistical Area - MSA 2000**

## **Conclusions with Respect to Performance Test in MSA 2000 - Dayton-Springfield, Ohio**

Star's performance in meeting the credit needs of its assessment area within MSA 1680 is consistent with the overall ratings assigned to the bank. There is a good level of lending throughout the assessment area. The bank has an adequate level of qualified community development investments within the MSA. Delivery systems are readily accessible to all areas.

## **Description of Institution's Operations in MSA 2000**

Within this MSA, Star has designated the Dayton region and a portion of the Troy region. The Dayton assessment area includes all of Greene and Montgomery Counties and a portion of Clark and Warren Counties. Also included is a portion of Miami County, which is in the Troy Region. The largest city in the assessment area is Dayton, Ohio. The bank has 24 branches within this MSA, which represents 9% of all of the bank's branches. In addition, 6% of the bank's deposits are generated from this MSA. Primary competition in this area includes: National City Bank Dayton, Bank One Dayton and CitFed Mortgage Corp.

## **Description of MSA 2000**

As detailed in Table 3 of the Star Bank, N.A. section of this evaluation, the total population in the areas served by the bank in this MSA is 827,763. The 1990 MSA medium family income was \$35,999. The assessment areas contain 19%, 18%, 24% and 39% of low-, moderate-, middle- and upper-income families, respectively. The assessment areas consist of 205 geographies of which 17 (9%) are low-income, 35 (17%) are moderate-income, 103 (50%) are middle-income and 50 (24%) are upper-income geographies. Total housing units total 335,945, with 63% owner-occupied units, 32% rental and 5% vacant. The median housing value is \$64,000 with a median year built of 1959.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the MSA was 3.9%. The service industry is the largest industry, followed by retail trade and manufacturing. Major employers include: Wright Patterson Airforce Base, General Motors, Airborne Express, Elder-Beerman Stores and Navi-Star. A majority of businesses are small businesses. There are 15,214 businesses in this area. Approximately 94% of the businesses have less than 50 employees, 6% have between 50 and 499 employees and less than 1% have more than 500 employees.

## **LENDING TEST**

Overall, the bank exhibits a good record of serving the credit needs of this region. The bank has a high level of penetration in LMI geographies for small business products. Mortgage and consumer products adequately penetrate all areas. Borrower distribution is comparable with percentage of families within each income level. Community development loans are being actively pursued in this MSA, with results incorporated into HMDA data.

**Geographic Distribution and Borrower Distribution** - There is a reasonable level of penetration in LMI areas compared with the opportunities available. Business data reflects a high volume of low-dollar amount loans are made to businesses with less than \$1 million in revenues. Borrower distribution of mortgage products is reasonable and compares with percentage of families.

**Mortgage Loans:**

Table 1 depicts the percentage of loans made in the various income level of geographies and compares these percentages to the percentage of owner-occupied units. The data reveals that the bank is adequately helping to meet the mortgage loan needs of the community, specifically in LMI geographies. For example, the bank originated 17% of its HMDA loans in LMI areas. This compares favorably with the fact that 17% of all owner-occupied units are located in LMI geographies.

<b>Table 1</b> <b>MSA 2000</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	2%	1%	4%	8%
<b>Moderate- Income</b>	15%	8%	13%	17%
<b>Middle- Income</b>	58%	57%	53%	50%
<b>Upper- Income</b>	25%	34%	30%	25%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank adequately meets the mortgage loan needs of borrowers of different incomes when comparing LMI borrowers to the percentage of families in the same income levels. This table indicates that 22% of the bank's HMDA loans were to moderate-income borrowers. This percentage compares favorably to the percentage of the families in the area that have moderate-incomes (18%).

<b>Table 2 MSA 2000 Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low-Income</b>	10%	5%	19%
<b>Moderate-Income</b>	22%	15%	18%
<b>Middle-Income</b>	28%	19%	24%
<b>Upper-Income</b>	38%	49%	39%
<b>Not Applicable</b>	2%	12%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star makes loans to businesses of different sizes and in varying amounts. The Small Business and Small Farm Compilation Data collected by the bank reveals that:

- 69 of the number of small business loans or 27% are in LMI geographies.
- \$14.8 million or 23% of the dollar amount of small business loans are in LMI areas.
- Of the 90 loans originated to businesses with annual revenues less than \$1 million, 19, or 21%, were originated to businesses in LMI geographies.

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less. This table reveals that 34% of the small business loans and all of the small farm loans have revenues less than \$1 million.

<b>Table 3 MSA 2000 Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	Number	% of Total	Amount in \$000's	% of Total
Small Business	55	34%	\$ 7,036	14%
Small Farm	13	100%	\$412	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts and further segregates these loans into LMI areas. The table reveals that the bank is making small business and small farm loans in varying amounts; with the heaviest concentration (66%) for loans less than \$100,000. The table also indicates that there is a considerable amount of lending in the LMI areas of this MSA, amounting to 26% of the total.

<b>Table 4 MSA 2000 Small Business and Small Farm Loans by Loan Amount at Origination</b>				
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans in LMI Geographies</b>	<b>% of Total # of Small Business and Small Farm Loans</b>	<b># of Small Business and Small Farm Loans</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	47	26%	182	66%
<b>Between \$100,000-\$250,000</b>	11	22%	51	19%
<b>More than \$250,000</b>	13	32%	41	15%
<b>Total</b>	71	26%	274	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

## Consumer Loans:

Table 5 indicates that the bank's level of consumer lending in LMI geographies is reasonable when compared with the distribution of families that reside in these geographies, 21%.

<b>Table 5 MSA 2000 Geographic Distribution of Consumer Loans</b>				
<b>Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.</b>	<b>Number (#) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>	<b>Dollar (in \$000's) of Loans in LMI Geographies in the AA</b>	<b>Percent of Total in AA</b>
<b>Auto Loans</b>	478	15%	\$7,676	23%
<b>Secured - Other Consumer Loans</b>	29	18%	\$1,822	11%
<b>Unsecured - Other Consumer Loans</b>	180	16%	\$157	14%
<b>Home Equity Lines of Credit</b>	46	17%	\$3,965	21%
<b>TOTAL</b>	733	15%	\$13,620	19%

Source: 1995 and 1996 Consumer Loan Register

## Community Development Loans:

Over the past two years, Star has been working with the organization of Central State University Community Development Corporation (CSU CDC). The bank has committed to lend \$1,000,000 to individuals qualifying for credit in the LMI neighborhoods of Dayton. Any loans from this program are counted in the mortgage lending analysis above.

The bank has also entered into a Neighborhood Lending Program (NLP) along with the other financial institutions of Dayton, and the City of Dayton, to provide housing opportunities for the LMI borrowers. Programs include: Down Payment Assistance, Infill Incentive Loan Program, and a Home Improvement Loan Program. Again, any loans under this program are counted in the mortgage lending analysis above.

### **Other Flexible Lending Products:**

The bank uses flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this MSA.

*Home Advantage Program* - In 1995, Star originated 78 HAP loans totaling \$4.4 million. This represented 20% of all home purchase loans that the bank closed in 1995. Through the first 6 months of 1996, the bank originated 40 loans at \$3.0 million.

*Home Advantage Home Improvement Program* - In 1995, Star originated 70 HAP home improvement loans aggregating \$459,000. Through the first six months of 1996, 40 loans totaling \$268,000 were originated.

*SBA 504 Loan Program* - During the first seven months of 1996, the bank originated 2 SBA 504 loans totaling \$606,250.

*SBA 7A Loan Program* - In 1995, the bank originated 13 SBA 7A loans aggregating \$1,358,000 in this MSA. For the first 6 months of 1996, the bank made an additional 3 loans totaling \$606,000.

*Secured Credit Card Program* - During 1995, the bank originated 154 credit card loans in this region that had an outstanding balance of \$63,000 as of year-end 1995. In addition, for the first 6 months of 1996, 45 loans were originated that had an outstanding balance of \$22,000 as of June 30, 1996.

### **INVESTMENT TEST**

MSA 2000 reflects an adequate level of investment activity. All investments are through sponsorships, contributions or donations. The bank's largest investment since the last CRA exam was a \$10,000 donation to the CSU CDC previously discussed. This CDC is partnering with Star, Innerwest Priority Board and Innerwest Neighborhood Development Corporation to provide housing and economic development opportunities for the residents of the innerwest portion of Dayton.

In addition to the qualified investments previously discussed, below are additional examples of qualified investments for MSA 2000:

The bank donated \$750 to the Dayton Urban League which focuses on improving life in Dayton's minority communities.

The bank donated \$500 to the Neighbor to Neighbor program which provides training and technical assistance as well as project development assistance to neighborhood development corporations.

## SERVICE TEST

Delivery systems are essentially accessible to all portions of the assessment area. The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems. Services do not vary in ways that inconvenience portions of the assessment area. The bank provides an adequate level of community development services.

Retail banking services and alternative delivery systems are reasonably accessible to all portions of MSA 2000. Similar services are provided throughout the area with comparable hours for each branch noted. Most branches have Saturday hours.

Table 6 shows the distribution of branches within MSA 2000 and shows that the branch system is reasonably accessible to LMI areas. The table shows an overall adequate distribution of low-, moderate-, middle-, and upper-income geographies when compared to the characteristics of the geographies in the assessment areas. Twenty-one percent of the branches located in MSA 2000 are in LMI geographies. This compares favorably with the percentages of families, 22% that reside in these geographies.

<b>Table 6 MSA 2000 Distribution of Branches</b>				
<b>Geographic Characteristic:</b>	<b>#</b>	<b>% of Total Branches</b>	<b>% of Families</b>	<b>% of Geographies</b>
<b>Low-Income</b>	2	8%	6%	8%
<b>Moderate-Income</b>	3	13%	16%	17%
<b>Middle-Income</b>	12	50%	51%	50%
<b>Upper-Income</b>	7	29%	28%	24%
<b>Total</b>	24	100%	100%	100%

Source: Bank Internal Records  
CRAWIZ

Since January 1995, the bank closed three branches. One of the closings involved a low-income geography. The closing did not have a major negative impact on the accessibility of the delivery system. Seven branches have been opened in MSA 2000 since the last Public Evaluation. Four of the branches were in Cub Food Groceries and one in Lafino's Grocery. These facilities were previously occupied by other financial institutions. Star has scheduled to open a branch in a moderate-income geography in the first quarter of 1997.

Star provides an adequate level of community development services. The bank's primary services include providing financial services, addressing credit counseling and providing technical assistance in financial services areas, including providing services in LMI geographies.

The following community development activities occurred since the last examination:

- The residential real estate department held home buyer workshops in Huber Heights, Beavercreek, Miamisburg, Kettering and London.
- Star continues to participate in programs sponsored by Lutheran Social Services for one-on-one credit counseling and budget management services to consumers experiencing credit difficulty.
- Star's regional director has been involved with the Dayton area Ohio State Extension office to implement a Master Money Management program throughout the area. This program focuses on training volunteers to work one-on-one with individuals to help them understand and overcome some of the challenges of credit and money management.

Star provides active participation in small business and entrepreneurial education programs with the Minority Supplier Development Council - Dayton.

# Nonmetropolitan Statewide Areas - Highland County, Ohio

## Conclusions with Respect to Performance Test in Highland County

Star's performance in meeting the credit needs of its assessment area within this assessment area is less than consistent with the overall ratings assigned to the bank. There is a good level of lending throughout the assessment area; however, Star has made nominal qualified investments since the last Public Evaluation. Delivery systems are readily accessible to all areas.

## Description of Highland County

The bank has designated Highland County as a separate assessment area. The major city in this region is Hillsboro, Ohio. The bank has one branch in this region and generates approximately 1% of its deposits from this area. Primary competition includes: Fifth Third Bank of Cincinnati, Merchants National Bank, and NCB Savings Bank. The total population in the county is approximately 36,000, with a median family income of \$30,563. The assessment areas contain 26%, 20%, 25% and 29% of low-, moderate-, middle- and upper-income families, respectively. The assessment area contains 9 geographies with 3 (33%) moderate-income and 6 (67%) middle-income. Total housing units total 14,842, with 65% owner-occupied units, 25% rental, and 10% vacant. The median housing value is \$42,300 with a median year built of 1961.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the county was 4.8%. Manufacturing is the largest industry in the county, followed by the service industry and retail. Major employers include AirBorne Express, Hobart, Rotary Farms and Weastic. A majority of businesses are small businesses. There are 460 businesses in this area. Approximately 95% of the businesses have less than 50 employees with the remaining 5% having between 50 and 499 employees.

## LENDING TEST

Overall, the bank exhibits a good record of serving the credit needs of this region. The bank adequately penetrates moderate-income areas for all products. The dollar amount of originations in moderate-income geographies compares favorably with the number of owner-occupied units available and the number of families that reside in these geographies. Borrower distribution is adequate given the level of families and number and dollar volume of loans originated. Business data indicates a high percentage of the business loans are originated in moderate-income areas as does the consumer data.

***Geographic Distribution and Borrower Distribution-*** The bank is providing loans to all areas. Given the type of assessment area (number of geographies in each income level), the percentages may be misleading. The dollar amount of originations in moderate-income geographies compares favorably with the number of owner-occupied units available.

## Mortgage Loans:

Table 1 reveals the bank meets the mortgage loan needs of the community when compared to the owner-occupied characteristics of the assessment area. The bank's mortgage lending in moderate-income geographies compares adequately in numbers and favorably in dollar amount originated to the percentage of owner-occupied units in similar geographies. Table 1 denotes that 29% of the HMDA loans were made in moderate-income geographies compared to 28% of the owner-occupied units in these geographies.

<b>Table 1</b> <b>Highland County</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996</b> <b>By Geographic Characteristic*</b>				
<b>Geographic Characteristics:</b>	<b>#</b>	<b>\$</b>	<b>% of Owner-Occupied Units</b>	<b>% of Geographies</b>
<b>Low-Income</b>	0%	0%	0%	0%
<b>Moderate-Income</b>	29%	39%	28%	33%
<b>Middle-Income</b>	71%	61%	72%	67%
<b>Upper-Income</b>	0%	0%	0%	0%
<b>Total</b>	100%	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the HMDA-LAR required under the Home Mortgage Disclosure Act

Table 2 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank makes mortgage loans to all income levels based upon the distribution of the number of originations. The number of loans to low-income individuals is less than the percentage of low-income families within this area (10% versus 26%). A review of relevant demographic data reveals that a significant portion of the low-income families are below the poverty level. This would indicate that a substantial volume of low-income families may not be in a position to apply for a HMDA related transaction. The bank's percentage of loans to moderate-income borrowers equals the percentage of moderate-income families in the area.

<b>Table 2</b> <b>Highland County</b> <b>Mortgage Loans Originated July 1, 19945 through June 30, 1996 By Borrower</b> <b>Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low- Income</b>	10%	5%	26%
<b>Moderate-Income</b>	20%	12%	20%
<b>Middle-Income</b>	35%	29%	25%
<b>Upper-Income</b>	34%	53%	29%
<b>Not Applicable</b>	1%	1%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

### **Small Business and Small Farm Loans:**

Star makes loans to businesses of different sizes and in varying amounts. Tables 3 and 4 reveal that the bank is making a vast amount of small dollar loans to small businesses and small farms. This is evidenced by the two tables which indicate that 44% of small business loans and 100% of small farm loans are made to such entities with annual revenues of less than \$1 million (Table 3). In addition, 89% of the loans originated are for less than \$100,000 (Table 4).

Table 3 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less:

<b>Table 3</b> <b>Highland County</b> <b>Small Business and Small Farm Loans with Revenues Less</b> <b>Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	7	44%	\$167	30%
<b>Small Farm</b>	3	100%	\$219	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

Table 4 shows the loan activity by origination amounts. This table also depicts that 53% of the small business and small farm loans are in moderate-income areas.

Table 4 Highland County Small Business and Small Farm Loans by Loan Amount at Origination				
Loan Amount	# of Small Business and Small Farm Loans in Moderate-Income Areas	% of Total # of Small Business and Small Farm Loans	# of Small Business and Small Farm Loans	% of Total
Less than \$100,000	9	53%	17	89%
Between \$100,000-\$250,000	1	50%	2	11%
More than \$250,000	0	0%	0	0%
<b>Total</b>	10	53%	19	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996  
Dollar amounts are in \$000's

### Consumer Loans:

Table 5 reveals that the bank is making a fairly high volume of loans to consumers who resided in moderate-income geographies. For example, 28% of the number of consumer loans were originated in these geographies. This compares favorably with the percentage of families residing in moderate-income geographies at 30%.

Table 5 Highland County Consumer Loans				
Originations Consumer Loans from Oct. 1, 1994 through June 30, 1996.	Number (#) of Loans in Moderate-Income Areas in the AA	Percent of Total in AA	Dollar (in \$000's) of Loans in Moderate-Income Areas in the AA	Percent of Total in AA
Auto Loans	107	27%	\$799	29%
Secured - Other Consumer Loans	2	29%	\$149	46%
Unsecured - Other Consumer Loans	25	52%	\$20	48%
Home Equity Lines of Credit	25	23%	\$ 348	15%
<b>TOTAL</b>	159	28%	\$1,316	24%

Source: 1995 and 1996 Consumer Loan Register

### **Community Development Loans:**

Star committed \$100,000 in loans for the City of Hillsboro low-income housing rehabilitation program. Any funding from this commitment is reviewed with the mortgage lending analysis above.

### **Other Flexible Lending Products:**

*SBA 7A Loan Program* - The bank originated one SBA 7A loan totaling \$56,000 during this assessment period.

*Home Advantage Program* - In 1996, Star originated one HAP loan at \$50,000. In addition, one HAP home improvement loan at \$5,000 was made.

*Secured Credit Card Program* - During 1995, the bank originated 2 credit card loans that had an outstanding balance of \$1,000 as of year-end 1995.

## **INVESTMENT TEST**

The bank's level of investments in this assessment area is nominal. Qualified investments since the last Public Evaluation were limited to a \$500 donation to the Highland County Community Action Corporation to provide funding for LMI housing efforts.

## **SERVICE TEST**

Delivery systems are readily available to all segments of the assessment area. No changes have been made in the bank's branching network. Services do not vary in a way that inconvenience any portion of the assessment area. The bank provides a wide range of community development services.

### **Retail Banking Services:**

Retail banking services and alternative delivery systems are readily accessible to all portions of Highland County. Similar services are provided throughout the area with comparable hours for each branch. Since January 1995, no branches have been opened or closed. Most branches have Saturday hours. The bank's only branch in the assessment area is located in a moderate-income geography. Thirty-two percent of families reside in moderate-income geographies.

### **Community Development Services:**

Star provides an adequate level of community development services. Community Development projects include the following:

- Star contributed toward the construction costs of the *Samaritan Outreach Services* new building at East Street and Collings Avenue. Samaritan Outreach Services is a nonprofit organization providing or locating emergency assistance for the under-served.
- Star received a certificate of recognition for being the first business to commit funds

and participate in the *Hillsboro Downtown Revitalization* project.

## **Nonmetropolitan Statewide Areas - Preble County, Ohio**

### **Conclusions with Respect to Performance Test in Preble County**

Star's performance in meeting the credit needs of its assessment area within Preble County is less than consistent with the overall ratings assigned to the bank. There is a good level of lending throughout the assessment area. The bank has not made any qualified investments since the last Public Evaluation. Delivery systems are readily accessible to all areas.

### **Description of Preble County Region**

The bank has designated Preble County as a separate assessment area. The major city in this assessment area is Eaton, Ohio. The bank has two branches in this region and generates less than 1% of its deposits from this area. Primary competition includes: Eaton National Bank and Bank One Dayton. The total population in the county is approximately 40,000, with a median family income of \$30,563. The assessment area contains 16%, 19%, 25% and 40% of low-, moderate-, middle- and upper-income families, respectively. The assessment area contains 10 geographies, all of them middle income. Total housing units total 15,174, with 72% owner-occupied units, 21% rental, and 7% vacant. The median housing value is \$55,750 with a median year built of 1956.

The area's local economy is good. As of October 30, 1996, the unemployment rate for the county was 4.1%. Manufacturing is the largest industry in the county, followed by the retail and the service industry. Major employers include: Neaton Auto Parts, Inc., Henny Penny Corporation and Parker-Hannifin Corporation. A majority of businesses are small businesses. There are 462 businesses within this area. Approximately 95% of the businesses have less than 50 employees with the remaining 5% having between 50 and 499 employees.

### **LENDING TEST**

Overall, the bank exhibits a good record of serving the credit needs of this region. Borrower distribution is adequate given the level of families and number and dollar volume of loans originated. Business data indicates a high level of small dollar lending to small businesses and small farms.

***Geographic Distribution and Borrower Distribution-*** Preble County is made up of all middle- income geographies, therefore, a geographic distribution would not be meaningful and is not used in this analysis. Consumer loans will not be addressed in this section because, as previously noted, the bank does not collect the income information used to make the credit decision. Borrower distribution is adequate, given the level of families and number and dollar volume of loans originated.

## Mortgage Loans:

Table 1 presents the bank's loan distribution by borrower income and compares it to the percentage of families by income level. The table shows the bank adequately meets the mortgage loan needs of borrowers of different incomes when comparing LMI borrowers to the percentage of families in the same income levels. This table notes that 19% of the families in the county are moderate-income. The bank originated 25% of its HMDA loans to moderate-income families.

<b>Table 1</b> <b>Preble County</b> <b>Mortgage Loans Originated July 1, 1994 through June 30, 1996 By Borrower Income*</b>			
<b>Applicant Income as a % of MSA Median Family Income:</b>	<b>#</b>	<b>\$</b>	<b>% of Families</b>
<b>Low-Income</b>	5%	2%	16%
<b>Moderate-Income</b>	25%	21%	19%
<b>Middle-Income</b>	29%	28%	25%
<b>Upper-Income</b>	40%	46%	40%
<b>Not Applicable</b>	1%	3%	0%
<b>Total</b>	100%	100%	100%

# - represents the number of loans by percentage

\$ - represents the dollar of loans by percentage

\* - Information was derived from the loan application register required under the Home Mortgage Disclosure Act

Not Applicable - Information not available

## Small Business and Small Farm Loans:

Star originates a high volume of loans to businesses of different sizes and in varying amounts. Table 2 displays the loan activity based on businesses and farms with gross annual revenues of \$1 million or less. It reveals that the bank is making a vast amount of small dollar loans to small businesses and small farms (based upon annual sales). Thirty-three percent of small business loans and 100% of small farm loans were made to such entities with annual revenues of less than \$1 million.

<b>Table 2</b> <b>Preble County</b> <b>Small Business and Small Farm Loans with Revenues Less Than \$1 Million</b>				
<b>Type of Loan</b>	<b>Total #</b>		<b>Total \$</b>	
	<b>Number</b>	<b>% of Total</b>	<b>Amount in \$000's</b>	<b>% of Total</b>
<b>Small Business</b>	5	33%	\$351	31%
<b>Small Farm</b>	4	100%	\$52	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996

Table 3 depicts that a significant number, 79%, of small business and small farm loans had original amounts less than \$100,000.

<b>Table 3 Preble County Small Business and Small Farm Loans by Loan Amount at Origination</b>		
<b>Loan Amount</b>	<b># of Small Business and Small Farm Loans</b>	<b>% of Total</b>
<b>Less than \$100,000</b>	15	79%
<b>Between \$100,000- \$250,000</b>	3	16%
<b>More than \$250,000</b>	1	5%
<b>Total</b>	19	100%

Source: Small Business/Small Farm Data Collection Register 1995 and 1996

**Community Development Loans:**

The bank made a \$25,000 loan to Preble County Habitat in order to build a residence for a low- income family.

**Other Flexible Lending Products:**

The bank uses flexible lending practices to address the credit needs of LMI individuals and geographies. Below is a listing of the programs that have been used in this region.

*Home Advantage Program* - In 1996, Star originated 6 HAP loans aggregating \$276,000.

*Ohio Agri-Linked Deposit Program* - In 1995, Star originated 23 loans totaling \$1.4 million.

*SBA 7A Loan Program* - During this evaluation period, the bank originated one SBA 7A loan for \$150,000.

*Secured Credit Card Program* - During 1995, the bank originated 4 credit card loans that had an outstanding balance of \$2,000 as of year-end 1995. In addition, from the beginning of January through June 30, 1996, 5 loans were established that had an outstanding balance of \$2,000.

## INVESTMENT TEST

There are no qualified investments in this region. Opportunities for qualified investments are somewhat limited in Preble County.

## SERVICE TEST

Delivery systems are readily available to all portions of the bank's assessment area. No changes have been made in the bank's branching system. Services and business hours are not varied in a way that inconveniences portions of the assessment area. The bank provides a wide range of community development services.

Retail banking services and alternative delivery systems are reasonably accessible to all portions of Preble County. Similar services are provided throughout the area, with comparable hours for each branch. Since January 1995, no branches have been opened or closed. Most branches have Saturday hours. As previously noted, the bank has two branches in this assessment area and all geographies are middle-income.

Star provides an adequate level of community development services. The bank is involved in various community development service activities such as, credit counseling and providing technical assistance in financial services. This includes providing services to LMI families.

Community development activities include:

- *Educator Computer Program* - During 1995, the bank initiated a program with the local school to provide reduced rate financing for personal computers purchased by the education staff.
- Sponsorship of "*Career Day*" at Eaton High School

Various board members, officers and employees are involved in community development boards, committees, or projects in the local assessment area. These include: the Preble County Community Improvement Corporation, Preble County Coalition for the Elderly, the Eaton-Preble County Chamber of Commerce, the Habitat for Humanity and the Farmersville Area Business Association.

## Assessment Areas Not Reviewed

### Summary of Institution's Operations

The areas that were not specifically reviewed included the following assessment areas: Akron/Canton, Butler, portions of Circleville, Sidney, Tri-State and portions of Troy. Table 1 details the number of geographies for each of the six areas not reviewed. Of the 264 total geographies, 99 or 38% are LMI. The table also reveals that 10 of the 54 branches, or 19% are located in LMI geographies. In addition, the table details the percentage of deposits in each region and in total. The table reflects that several of the regions have a very small deposit base and in total, the 6 regions represent 16% of the bank's deposits.

<b>Table 1 Assessment Areas Not Reviewed Distribution of Geographies and Branches</b>								
<b>Assessment Area</b>	<b>Low-Income</b>	<b>Moderate-Income</b>	<b>Middle-Income</b>	<b>Upper-Income</b>	<b>Total Geographies</b>	<b>Total Branches</b>	<b>Branches in LMI Geographies</b>	<b>% Total Deposits</b>
<b>Akron/Canton</b>	23	28	50	29	130	16	3	4%
<b>Butler</b>	9	17	32	15	73	14	3	4%
<b>Circleville (1)</b>	0	2	4	0	6	1	0	<1%
<b>Sidney</b>	0	0	4	6	10	7	0	2%
<b>Tri-State</b>	1	19	21	0	41	14	4	5%
<b>Troy (2)</b>	0	0	4	0	4	2	0	1%
<b>Total</b>	33	66	115	50	264	54	10	16%

Source: CRA WIZ Demographic Data

(1) Includes Fayette County only

(2) Includes Darke County only

## Description of Assessment Areas

Table 2 details the population, number of owner-occupied units and the number/percentage of low-, moderate-, middle-, and upper-income families residing in each area. The table depicts that 39% of the families are either low or moderate-income.

Table 2 Assessment Areas Not Reviewed Demographic Data of Assessment Areas						
Region	Population	# OOU's	Number and Percentage of Families Based Upon Income Level			
			Low-	Moderate	Middle	Upper
Akron/Canton	580,071	155,328 14%	29,470 19%	28,278 18%	36,985 23%	64,127 40%
Butler	291,479	72,365 22%	15,018 19%	14,213 18%	19,157 25%	29,729 38%
Circleville (1)	27,466	6,634 28%	1,917 25%	1,638 21%	1,827 23%	2,419 31%
Sidney	44,915	11,608 NA	1,593 13%	2,000 16%	2,815 23%	5,862 48%
Tri-State	173,115	45,687 40%	15,061 31%	9,063 19%	9,372 19%	14,678 31%
Troy (2)	4,447	928 NA	200 16%	235 19%	329 27%	459 38%
<b>Total</b>	<b>1,132,535</b>	<b>292,550</b> 19%	<b>63,800</b> 21%	<b>56,109</b> 18%	<b>71,480</b> 23%	<b>118,057</b> 38%

Source: CRA WIZ Demographic Data

- (1) Includes Fayette County only.
- (2) Includes Darke County only.

Overall the general business activity in these assessment areas is good. Unemployment aggregates approximately 4.2%. Major employers in each region include:

- Akron-Canton - Goodyear Tire, Summa Health, Summit County
- Butler County - AK Steel, Inc., Miami University, Champion International Corporation
- Circleville - Thompson Consumer Electronics, Pittsburgh Plate and Glass, General Electric
- Sidney - Copeland, Honda, Alcoa
- Troy - American Honda, Panasonic, Hobart Brothers Co.
- Tri-State - Ashland Oil, AK Steel, King Daughters Hospital

## Discussion of Performance

Star's performance under the lending, investment and service tests are consistent with the bank's performance in the State of Ohio and overall. The following comments have lead to

this conclusion:

## **LENDING TEST**

The percentage of HMDA loans originated in LMI geographies represent 2% and 18% respectively. This compares favorably to the percentage of owner-occupied units in these geographies as 3% and 16%. For the bank as a whole, 3% and 15% of the HMDA loans were made in LMI geographies.

The percentage of HMDA loans to LMI borrowers represent 10% and 27% respectively. This compares favorably to the percentage of families that are in these income parameters at 21% and 18%. For the bank as a whole, 12% and 22% of the HMDA loans are made to LMI borrowers.

The percentage of consumer loans originated in LMI geographies represent 8% of all consumer loans. This compares somewhat unfavorably to the percentage of families that reside in LMI geographies at 25%. For the bank as a whole, 17% of the consumer loans were made in LMI geographies.

A large percentage of the bank's small business and small farm loans are to entities that have annual revenues of less than \$1 million. Fifty-eight percent of the small business and 92% of the small farm loans fall into this category. This compares very favorably to the bank's overall percentages of 30% and 93% respectively.

Seventeen percent of the small business and small farm loans are in LMI areas. This compares somewhat unfavorably to the overall bank percentage of 29%. In addition, 15% of the small business and small farm loans were to entities in LMI geographies. This is less than the 26% for the bank as a whole.

The bank has made several community development loans in these assessment areas.

## **INVESTMENT TEST**

The bank has made \$336,988 qualified investments in the six assessment areas since the last evaluation. This includes one new low-income tax credit project and additional investments on two existing LIHTC projects. The bank also made one donation to a community development corporation.

## **SERVICE TEST**

Nineteen percent of the bank's branches are located in LMI geographies. This compares to 23% for the bank as a whole. The bank's alternative delivery channels are available to residents who reside in these regions.