
Comptroller of the Currency
Administrator of National Banks

Northeastern District
1114 Avenue of the Americas, Suite 3900
New York, NY 10036

PUBLIC DISCLOSURE

September 17, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Mars National Bank
Charter Number: 5599**

**Grand Avenue
Mars, Pennsylvania 16046**

**Comptroller of the Currency
Western Pennsylvania Duty Station
4075 Monroeville Boulevard, Suite 300
Monroeville, PA 15146**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Mars National Bank** prepared by **Comptroller of the Currency**, the institution's supervisory agency, as of **September 17, 1996**. 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 **Satisfactory**.

The Mars National Bank is responsive to the credit needs of the community, including the low- and moderate-income individuals and areas.

- ▶ Evidence of this responsiveness is found in the substantial 99% portion of mortgage loans and 98% of consumer loans that originate within the assessment area.
- ▶ The institution also has a solid 69% loan-to-deposit ratio and offers an appropriate array of loan products.
- ▶ The distribution of loans reflects a good penetration among borrowers of diverse income levels and to small businesses.
- ▶ The geographic distribution of loans exhibits a reasonable dispersion throughout the assessment area.

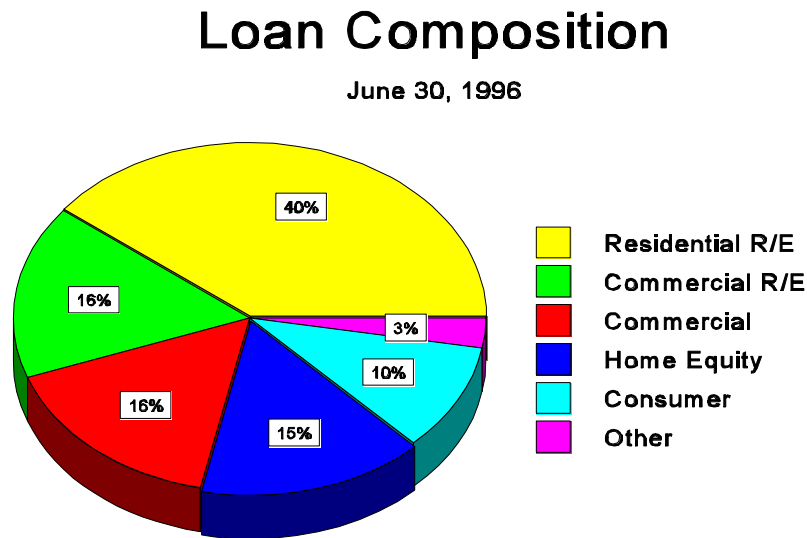
The following table indicates the performance level of The Mars National Bank with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The Mars National Bank</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No Complaints were received since the last examination		

DESCRIPTION OF INSTITUTION

The Mars National Bank has total assets of \$196.4 million, total deposits of \$175.6 million and total loans of \$120.7 million as of June 30, 1996. The Mars National Bank offers a wide range of loan and deposit products. Its primary business focus is residential mortgage loans with recent growth in commercial lending. The bank has no financial or legal impediments which would hinder its ability to help meet the credit needs of its community.

The Mars National Bank's loan composition by total dollar amount is 40% residential real estate loans, 16% commercial real estate loans, 16% commercial loans, 15% home equity loans, 10% consumer loans, and 3% of other loan types. The following chart also shows the proportion of loan types, as of June 30, 1996:



The Mars National Bank has four banking offices in Butler County and one banking office in Allegheny County. The main office is located in Mars, with the other four offices in Adams, Cranberry, Penn and Richland. All locations have an automated teller machine.

DESCRIPTION OF THE ASSESSMENT AREA

The bank's assessment area consists of the southern half of Butler County, the northwestern portion of Allegheny County and the eastern edge of Beaver County. The bank's entire assessment area is within the Pittsburgh Metropolitan Statistical Area (MSA). There are 70 whole census tracts included in the assessment area. The assessment area contains no low-income census tracts, 6 (or 9%) moderate-income census tracts, 31 (or 44%) middle-income census tracts and 33 (or 47%) upper-income census tracts.

The Mars National Bank's assessment area complies the Community Reinvestment Act and does not arbitrarily exclude low- and moderate-income areas.

The banking offices are concentrated in the central region of the assessment area, near or within suburban cities. The population of the assessment area is 297,655 per the 1990 Census. The 1990 Census Pittsburgh MSA Median Family Income is \$32,787.

The assessment area has experienced significant growth in the past five to ten years with the development of Route 79. Northern Allegheny County and, more recently, southern Butler County have seen an influx of new residents given the improved access to downtown Pittsburgh. As a result, home building and support businesses have been the foundation for the positive economic development in the area. Many small companies have also developed to support the demand of new residents, such as landscaping and furniture sales. Additionally, the growth has reflected in increased commercial real estate development. The City of Butler was harder hit with the closing of industrial businesses in the 1980's and has been slower to rebound.

Discussions with management revealed that credit needs of individuals within the assessment area include residential mortgage loans, consumer credit and small business loans. A "Community Contact" with the Housing Authority of the County of Beaver revealed that local financial institutions are meeting the credit needs of the community by offering a variety of loan products, services and programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

Loan-to-Deposit Ratio

The average of the Mars National Banks's loan-to-deposit ratios for the past five quarters of 67% is reasonable. The ratio has exhibited an increasing trend during this period, growing to 69% as of June 30, 1996. In relation to twelve other institutions of comparable size in the north Pittsburgh area, the Mars National Bank's loan-to-deposit ratio was comparable to the 66% average for the group. This is consistent with a national comparison of banks of similar size, placing the Mars National Bank in the 45th percentile. Furthermore, the increasing trend in the loan to deposit ratio is evidence of the Mars National Bank's commitment to lend. The bank's loan-to-deposit ratio is also consistent with the assessment area's economic characteristics, the bank's capacity to lend and lending opportunities available in the assessment area.

Lending in the Assessment Area

A substantial majority of the Mars National Bank's lending has been within the assessment area. We compiled statistical information regarding lending patterns from the bank's 1995 Home Mortgage Disclosure Act Loan Application Register (HMDA LAR) regarding mortgage loans. For consumer loans, we employed bank census tract records for loans made from January 1, 1996 through August 30, 1996 as census tract information was unavailable for 1995.

The dollar amount of mortgage loan originations for 1995 within the assessment area represented 99% of the total loan volume (\$8.5 million). In addition, the number of mortgage

loans made within the assessment area comprised 99% of the 214 total mortgage loan originations in 1995.

The dollar volume of consumer loan originations for 1996 within the assessment area represented 98% of the total loan volume (\$8.4 million). In addition, the number of consumer loans made within the assessment area comprised 98% of the 689 consumer loan originations in 1996.

Lending to Borrowers of Different Incomes

The distribution of loans to borrowers reflects good penetration among individuals of different income levels. Within the portion of the bank's assessment area in the Pittsburgh MSA, 12% of families are low-income, 15% are moderate-income, 23% are middle-income, and 50% are upper income.

To review the distribution of bank lending among these income groups, we analyzed residential mortgage loan data from the bank's 1995 HMDA LAR and reviewed a sample of 45 consumer loans originated during 1995. The following chart reflects an excellent dispersion of sampled consumer loans, and a reasonable dispersion of mortgage loans, to individuals of different income groups.

<i>Lending to Borrowers of Different Incomes</i>										
	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families		Total	
<i>Area Demographic Characteristics</i>	12%		15%		23%		50%		100%	
<i>Loan Types</i>										
	#	%	#	%	#	%	#	%	#	%
Mortgages	12	6	32	16	55	26	109	52	208	100
Consumer	14	31	11	25	11	24	9	20	45	100

Lending to small businesses and small farms is extensive, making up 93% of the commercial loan portfolio balances per the June 30, 1996 Reports of Condition and Income. Of the commercial real estate portfolio, 54% of outstanding loan balances are to small businesses and small farms. The Reports of Condition and Income identify commercial loans with an original amount of \$1 million or less as small business loans, and agricultural loans with an original amount of \$500 thousand or less as small farm loans.

Geographic Distribution of Loans

The geographic distribution of loans exhibits a reasonable dispersion throughout the assessment area. Within the bank’s assessment area, no census tracts are low-income, 9% are moderate-income, 44% are middle-income, and 47% are upper income.

To review the distribution of bank lending among census tracts, we analyzed residential mortgage loan data from the bank’s 1995 HMDA LAR. For consumer loans, we employed bank census tract records for a sample of 249 loans originated during 1996 as census tract information was unavailable for 1995. The following chart reflects a reasonable dispersion of sampled mortgage and consumer loans among census tracts of different income levels. While a relatively small number of loans originated from borrowers residing in moderate-income census tracts, the bank’s 6 moderate-income census tracts are located in the periphery of the assessment area.

<i>Geographic Distribution of Loans</i>										
	Low Income Tracts		Moderate Income Tracts		Middle Income Tracts		Upper Income Tracts		Total	
<i>Area Demographic Characteristics</i>	0%		9%		44%		47%		100%	
<i>Count</i>	0		6		31		33		70	
<i>Loan Types</i>										
	#	%	#	%	#	%	#	%	#	%
Mortgages	0	0	2	1	152	72	58	27	212	100
Consumer	0	0	2	1	169	68	78	31	249	100

Fair Lending Analysis

The Mars National Bank is in substantial compliance with the provisions of antidiscrimination laws and regulations. An analysis performed during the recent consumer compliance examination did not reveal any discriminatory treatment or illegal practices.