

PUBLIC DISCLOSURE

November 5, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Settlers Bank
RSSD: 2747279

115 Third Street
Marietta, Ohio 45750

Federal Reserve Bank of Cleveland

P.O. Box 6387
Cleveland, OH 44101-1387

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P.O. Box 6387
Cleveland, Ohio 44101-1387

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

This institution is rated “**Satisfactory.**”

The major factors and criteria contributing to this rating include:

- A more-than-reasonable loan-to-deposit ratio, given the institution’s size, financial condition, and assessment area credit needs;
- A majority of loans and other lending-related activities in the assessment area;
- The geographic distribution of loans reflects an excellent dispersion throughout the assessment areas;
- A reasonable penetration among individuals of different income levels (including low- and moderate-income) and among businesses of different sizes; and,
- There were no CRA-related complaints filed against the bank since the previous CRA examination.

The previous Community Reinvestment Act (CRA) evaluation conducted September 2, 2008 resulted in an overall rating of “Satisfactory.”

SCOPE OF EXAMINATION

The CRA performance of Settlers Bank (Settlers) was evaluated using the interagency small bank examination procedures. Settlers' CRA performance was based on lending data from January 1, 2011 to December 31, 2011.

The following loan products were evaluated under the lending test: small business loans, mortgage loans, and consumer loans. Due to the limited volume of home purchase, home refinance, home improvement, and multi-family loans, these loans were combined and will collectively be referred to as mortgage loans throughout this analysis. Consumer loans consist of motor vehicle, other secured, and other unsecured loans. Due to the limited volume of other secured and unsecured loans, these loans were combined and will collectively be referred to as other consumer loans throughout this analysis. There were not enough small farm loans during this review period to conduct a meaningful analysis; therefore, they were not considered during this evaluation.

The following table illustrates the volume and distribution of loans originated during the evaluation period:

Loan Type	Number of Loans	Dollar Amount of Loans \$(000)
Consumer	145	1,390
Mortgage	48	6,627
Small Business	115	7,747

Given the above distribution, small business loans received the greatest weight in this analysis based on the number of loans and dollar volume. Primarily based on dollar volume, mortgage loans received the next greatest weight and consumer loans received the least weight.

Due to the relatively low number of moderate-income tracts and the absence of low-income tracts, borrower distribution was given greater weight than geographic distribution for this evaluation.

Two interviews with community representatives were conducted during the course of the evaluation. Details from these interviews are presented in the description of the assessment area section of this performance evaluation.

DESCRIPTION OF INSTITUTION

Settlers is a full-service banking institution with one office located in the southeastern Ohio city of Marietta along the Ohio River. Settlers offers traditional loan and deposit products to both consumer and business customers.

As of September 30, 2012, Settlers had total assets of \$108.4 million, of which \$88.9 million (82.0%) were loans and \$12.4 million (11.4%) were investments. Settlers' total assets increased by 18.2% and investments increased by 13.8% since June 30, 2008.

The following table represents the bank's loan portfolio.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2012		12/31/2011		12/31/2010	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	2,705	4.1%	2,610	4.1%	3,221	5.0%
Secured by One- to Four- Family Dwellings	48,684	74.2%	48,858	75.9%	47,116	72.9%
Other Real Estate: Farmland	809	1.2%	42	0.1%	128	0.2%
Multifamily	0	0.0%	0	0.0%	0	0.0%
Nonfarm nonresidential	1,883	2.9%	1,913	3.0%	2,151	3.3%
Commercial and Industrial	7,178	10.9%	6,376	9.9%	7,023	10.9%
Loans to Individuals	4,357	6.6%	4,574	7.1%	4,974	7.7%
Agricultural Loans	31	0.0%	5	0.0%	14	0.0%
Total	\$65,619	100.00%	\$64,378	100.00%	\$64,627	100.00%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

Settlers' main office has a full-service automated teller machine (ATM) and is located in a moderate-income geography. Since the previous evaluation, the bank has not opened or closed any branch offices.

There are no legal or financial constraints preventing Settlers Bank from meeting the credit needs of its assessment area consistent with its asset size, business strategy, resources, and local economy.

**DESCRIPTION OF PARKERSBURG-MARIETTA, WEST VIRGINIA-OHIO
METROPOLITAN STATISTICAL AREA 37620**

Settlers' delineated CRA assessment area is comprised of the entirety of Washington County, Ohio, which is part of the Parkersburg-Marietta, WV-OH Metropolitan Statistical Area (MSA). The Parkersburg-Marietta MSA is a multi-state metropolitan area that includes Washington County in Ohio and the entireties of Pleasants, Wirt, and Wood Counties in West Virginia. The bank's assessment area consists of 16 census tracts. There are no low-income tracts, two moderate-income tracts, 12 middle-income tracts, and two upper-income tracts.

As of June 30, 2012, Settlers ranked fourth of 11 institutions in Washington County with 6.9% of total deposits.¹ Peoples Bank, National Association, headquartered in Marietta, holds the largest amount of deposits with 44.7% of the deposits. Other major competitors include J.P. Morgan Chase Bank, National Association and Advantage Bank, which hold 12.6% and 9.0% of the deposits, respectively. The following table illustrates the deposit market share for the top 11 financial institutions in Washington County.

#	Institution Name	Deposit Market Share
1	Peoples Bank, National Association	44.73%
2	JPMorgan Chase Bank, National Association	12.61%
3	Advantage Bank	8.96%
4	Settlers Bank	6.85%
5	The Citizens Bank Company	6.38%
6	Wesbanco Bank, Inc.	4.55%
7	The Bartlett Farmers Bank	4.24%
8	The Peoples Savings Bank	3.23%
9	The Waterford Commercial and Savings Bank	2.83%
10	Belpre Savings Bank	2.82%
11	First Bank of Ohio	2.79%

Two community contacts were conducted within the bank's assessment area. The first community contact was conducted with an agency that helps to serve the public interest in the area of real estate development, financing, and management of foreign trade zones. According to the community contact, Washington County's economy has been fairly stable and the unemployment rate has typically been lower than the state and federal rates due to the county's diverse economic base. This base consists of agriculture, medical facilities, chemical and plastic manufacturers, tourism, coal mining, and biomedical research.

In addition, natural gas exploration is expected to create additional employment opportunities in the area. Marietta College is considered to have a top-rated Petroleum Engineering Department and is able to provide the education needed for local residents to take advantage of these new jobs. The most recent economic development project completed in the county was the construction of a business industrial park and an office building. This project was funded with state and federal grants and local financial institutions were not asked to participate; however, the contact stated that a newly proposed \$2.5 million downtown economic development project will require participation from local financial institutions. The contact stated that a local area bank has expressed interest in helping to fund the project.

¹ <http://www2.fdic.gov/sod/>

Finally, the community contact stated that while local financial institutions are doing a good job overall in providing credit, banks still seem hesitant to make small business loans. The contact stated there is a need for small businesses loans in the area.

The second community contact was conducted with a community action organization. This organization supports Washington and Morgan Counties with Head Start programs, employment training, down payment assistance, and housing weatherization and other home improvements. The community contact is hopeful that recent natural gas exploration will bring more jobs to the county. During the recession, this area experienced job losses with the closing of two call centers and two large chemical companies. The community contact stated there is always a need for banks to provide low-income individuals with down payment assistance. The contact indicated that local banks have been very active in financing small business projects in the area, but there continues to be a need for local institutions to provide capital to more small businesses in the area.

Population Characteristics

According to the 2000 U.S. Census Data, the total population within Washington County was 63,251. Only 10.0% of the population lives in moderate-income census tracts. The majority of the population (81.1%) lives in middle-income census tracts and 9.0% live in upper-income census tracts. The total population within Washington County in 2011 was 61,778, reflecting a - 2.4% change in population from the 2000 Census Data. Of the total population, 23.5% were 17 years of age and younger, 8.8% were age 18 to 24 years, 52.7% were age 25 to 64 years, and 15.0% were age 65 years and over.

Income Characteristics

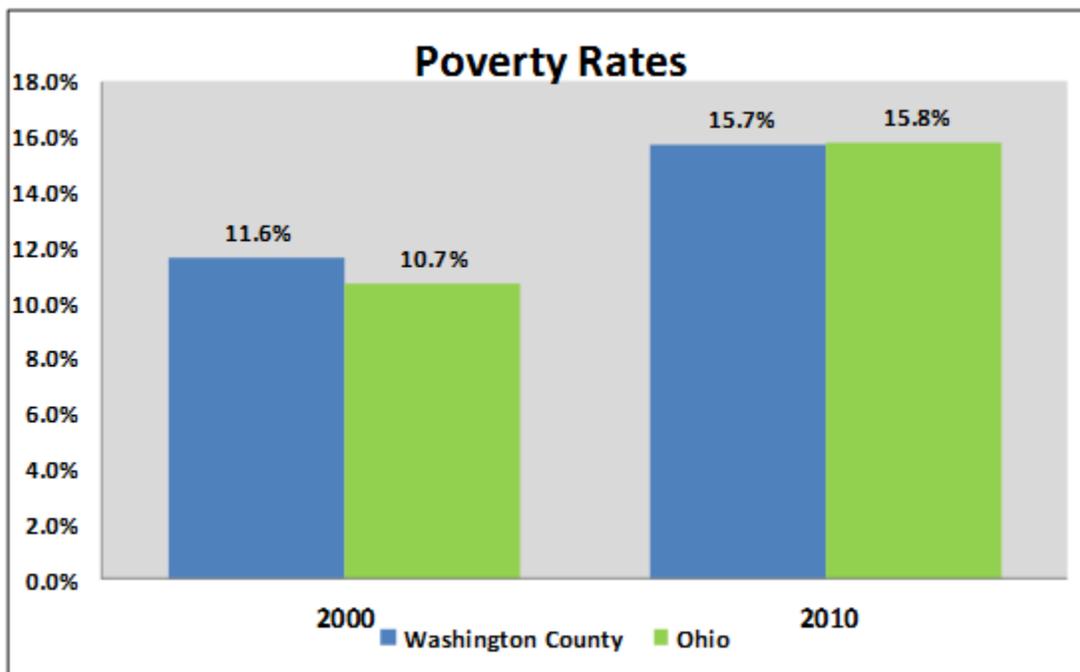
Based on the 2000 U.S. Census Data, the median family income for the bank’s assessment area was \$41,708, which was lower than the state of Ohio’s median family income of \$50,037. The 2011 HUD-estimated median family income for the MSA increased to \$52,500.

**Borrower Income Levels
Parkersburg-Marietta-Vienna, WV-OH, MSA**

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2010	\$52,500	0 - \$26,249	\$26,250 - \$41,999	\$42,000 - \$62,999	\$63,000 - & above
2011	\$52,500	0 - \$26,249	\$26,250 - \$41,999	\$42,000 - \$62,999	\$63,000 - & above

According to the 2000 U.S. Census Data, there were 25,162 households in the assessment area, of which 17,766 (70.6%) were families. Approximately 8.6% of families are below the poverty level in the assessment area, which is higher than the statewide family poverty rate of 7.8%. The majority of families (80.1%) below the poverty level reside in middle-income census tracts. 17.1% of families below poverty level reside in moderate-income tracts and 2.8% reside in upper-income census tracts.

The following chart, based on data from the Economic Research Service of the U.S. Department of Agriculture, shows the Washington County and state of Ohio 2010 poverty rates compared to the 2000 household poverty rates, which reflects a significant increase in the poverty rate for both the county and the state.²



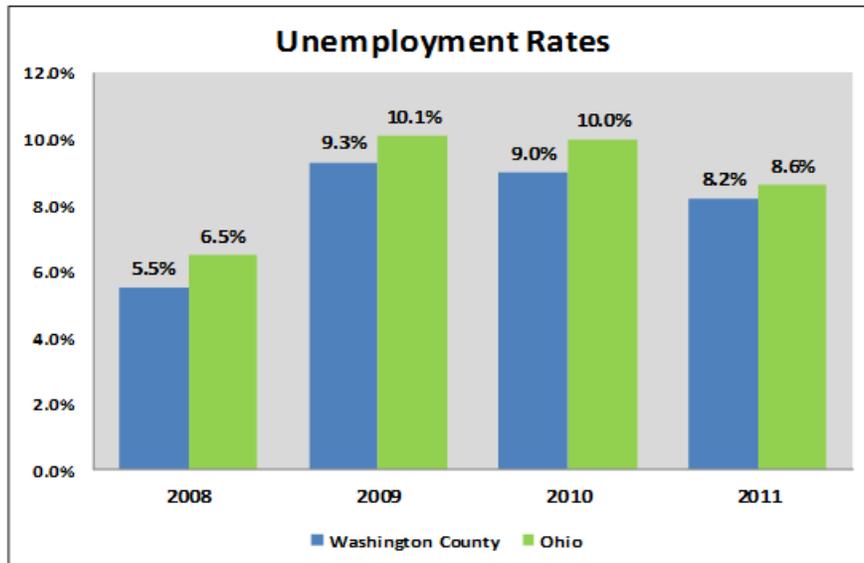
Of the households receiving public assistance, the majority (81.9%) reside in middle-income census tracts, whereas 16.4% reside in moderate-income tracts and 1.7% reside in upper-income tracts.

Labor, Employment and Economic Characteristics

The majority of Washington County’s land use is comprised of forest at 75.8%, followed by pasture and cropland at 12.1% and 7.1%, respectively. Only 3.9% of Washington County is considered available for urban land use, which means there is limited opportunity for small business, mortgage, and consumer lending in this area.

² <http://www.ers.usda.gov/data-products/county-level-data-sets/poverty.aspx>

From 2008 through 2011, the unemployment rates for Washington County were lower than the state of Ohio's. The following table illustrates Washington County's unemployment rate compared to Ohio's from 2008 through 2011.



As of October 2012, the unemployment rate for Washington County is 5.5%, which is equivalent to the 2008 levels.

As of 2010, the manufacturing, local government, health care, and retail trades employed the most persons in Washington County. The following table illustrates the major employers and industry in Washington County.

Major Employers	Industry
American Electric Power	Utility
Americas Styrenics	Manufacturing
Eramet Marietta, Inc.	Manufacturing
Globe Metallurgical	Manufacturing
KRATON Polymers LLC	Manufacturing
Marietta City Schools	Government

Housing Characteristics

According to the 2000 U.S. Census Bureau data, Washington County contains 27,760 housing units, of which 69.0% are owner-occupied, 21.5% are rental, and 9.5% are vacant. 1-4 family units comprise 79.5% of the housing units, multi-family units comprise 5.5%, and mobile homes comprise 14.8%. Owner-occupied housing units by census tracts are as follows: 46.5% are owner-occupied for moderate-income census tracts; 70.4% for the middle-income census tracts; and 81.6% for the upper-income census tracts. The overall owner-occupancy rate of 69.0% is higher than the state owner-occupancy rate of 64.2%.

The median age of the housing stock in the moderate-income census tract is 55 years. The median age of the housing stock for the middle-income census tracts is 32 years, and the median age for the upper-income census tract is 33 years. The overall median housing age is 34 years. According to a community contact, there is a need for home improvement-type loans in the area, which is supported by the substantially older age of the housing stock in moderate-income tracts.

The median housing value is \$76,158 and the affordability ratio is 45.0. The affordability ratio is derived by dividing the median household income by the median housing value. A larger ratio indicates that housing is more affordable. Therefore, the housing stock is more affordable in the assessment area than in the state, which has an affordability ratio of 40.8. Further, based on the estimated 2011 median family income of \$52,500 for the Parkersburg-Marietta-Vienna, WV-OH MSA, about 62.3% of the homes valued up to \$90,662 in the assessment area would be considered affordable for low-income individuals and approximately 86.8% of the homes valued up to \$145,060 would be considered affordable for moderate-income individuals. These percentages were calculated assuming a housing expense ratio equal to 28.0% of gross income for a 4.5% fixed-rate, 30-year loan.

According to RealtyTrac, an online real estate marketplace and data tracking company, Ohio had 9,386 foreclosure filings in September 2012.³ For the state of Ohio, this represented one foreclosure for every 546 housing units. For Washington County, there were eight foreclosure filings reported for the same period, which represents one foreclosure for every 3,546 housing units. The foreclosure rate for Washington County is significantly less than the statewide foreclosure rate.

The median gross rent in the assessment area was \$401, with nearly 35.3% of rents being less than \$500 a month, according to the 2000 U.S. Census. Approximately 4.9% of rental units had rents greater than \$700 per month. Additionally, 31.3% of renters have rent costs greater than 30.0% of the median family income within the assessment area. This indicates that rents are slightly more affordable for low- and moderate-income borrowers in the bank's assessment area when compared to Ohio's at 33.8%.

³ <http://www.realtytrac.com/mapsearch/freesearch.aspx?statesel=OH&parsed=1&stc=oh>

Combined Demographics Report

Assessment Area(s): Settlers Bank, Washington County AA 2011

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	3,071	17.3	
Moderate-income	2	12.5	1,414	8.0	263	18.6	3,404	19.2	
Middle-income	12	75.0	14,682	82.6	1,228	8.4	3,911	22.0	
Upper-income	2	12.5	1,670	9.4	43	2.6	7,380	41.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	16	100.0	17,766	100.0	1,534	8.6	17,766	100.0	
	Housing Units by Tract	Housing Types by Tract							
		Owner-Occupied				Rental		Vacant	
		#	%	%	#	%	#	%	
Low-income	0	0	0.0	0.0	0	0.0	0	0.0	
Moderate-income	2,724	1,266	6.6	46.5	1,136	41.7	322	11.8	
Middle-income	22,667	15,965	83.3	70.4	4,570	20.2	2,132	9.4	
Upper-income	2,369	1,934	10.1	81.6	266	11.2	169	7.1	
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0	
Total Assessment Area	27,760	19,165	100.0	69.0	5,972	21.5	2,623	9.4	
	Total Businesses by Tract	Businesses by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	557	20.1	441	18.2	64	35.8	52	31.3	
Middle-income	1,981	71.6	1,767	72.9	107	59.8	107	64.5	
Upper-income	230	8.3	215	8.9	8	4.5	7	4.2	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	2,768	100.0	2,423	100.0	179	100.0	166	100.0	
Percentage of Total Businesses:			87.5		6.5		6.0		
	Total Farms by Tract	Farms by Tract & Revenue Size							
		Less Than or = \$1 Million				Over \$1 Million		Revenue Not Reported	
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	7	4.3	7	4.3	0	0.0	0	0.0	
Middle-income	132	80.5	131	80.4	1	100.0	0	0.0	
Upper-income	25	15.2	25	15.3	0	0.0	0	0.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
Total Assessment Area	164	100.0	163	100.0	1	100.0	0	.0	
Percentage of Total Farms:			99.4		.6		.0		

Based on 2010 D&B information according to 2000 Census Boundaries.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

A financial institution's loan-to-deposit ratio compares the institution's aggregate loan balances outstanding to its total deposits outstanding. The ratio is a measure of an institution's lending volume relative to its capacity to lend and is derived by adding the quarterly loan-to-deposit ratios and dividing the total by the number of quarters. Settlers' peer group consists of all insured commercial banks that have assets between \$300 million and \$1 billion.

The bank has averaged 97.5% over the past 16 quarters of operation and is significantly above the peer group average ratio of 76.7%. The bank's loan-to-deposit ratio has generally declined since the third quarter of 2009. According to bank management, this is likely due to the economic recession, which has suppressed loan demand. However, Settlers has consistently had a higher loan-to-deposit ratio than its peers.

Settlers' loan-to-deposit ratio was also compared to two local peer banks, Citizens Bank Company and Bartlett Farmers Bank. The local peer banks were chosen based on asset size, deposit market share, number of branch offices, and total deposits. Reviewing the ratios below, it appears that Settlers is originating a higher percentage of loans than its local peers. Therefore, Settler's loan-to-deposit ratio is more than reasonable given the bank's size, financial condition, and assessment area credit needs.

The following table shows that Settlers' quarterly loan-to-deposit ratios for 16 quarters since the previous evaluation, along with the average loan-to-deposit for the same period.

Settlers' Quarterly Loan-to-Deposit Ratios				
SETTLERS BK			CITIZENS BK CO	BARTLETT FARMERS BK
As of Date	Bank Ratio	Aggregate Ratio	Peer 1 Ratio	Peer 2 Ratio
June 30, 2012	94.23	74.48	58.85	44.35
March 31, 2012	87.76	73.49	56.90	44.38
December 31, 2011	88.41	75.00	60.47	44.88
September 30, 2011	94.74	74.97	62.44	42.76
June 30, 2011	98.89	75.86	62.65	45.57
March 31, 2011	97.82	76.05	62.59	47.64
December 31, 2010	99.19	76.95	65.30	47.49
September 30, 2010	99.00	74.03	64.19	48.70
June 30, 2010	100.14	74.44	63.18	49.86
March 31, 2010	98.91	75.30	62.55	49.25
December 31, 2009	103.29	75.99	65.68	50.83
September 30, 2009	103.68	78.25	66.34	52.09
June 30, 2009	101.54	78.93	66.21	52.31
March 31, 2009	97.97	79.05	68.93	51.61
December 31, 2008	98.10	81.35	72.40	57.77
September 30, 2008	96.54	82.79	69.30	55.97
Quarterly Loan-to-Deposit Ratio Average Since the Previous Evaluation	97.51	76.68	64.25	49.09

Lending in the Assessment Area

Settlers' consumer, residential mortgage, and small business lending was analyzed to determine the volume of lending inside and outside of the assessment area. The table below shows that 78.8% of the loan volume and 88.6% by dollar amount were made inside the bank's assessment area.

Lending Inside and Outside the Assessment Area

Exam: Settlers Bank

Loan Type - Description	Inside				Outside				Total			
	#	%	\$(000s)	%	#	%	\$(000s)	%	#	%	\$(000s)	%
MV - Motor Vehicle	66	74.2	909	70.4	23	25.8	381	29.6	89	100.0	1,290	100.0
OS - Other - Secured	36	69.2	256	60.8	16	30.8	165	39.2	52	100.0	420	100.0
OU - Other - Unsecured	43	71.7	226	72.3	17	28.3	87	27.7	60	100.0	312	100.0
Total Consumer related	145	72.1	1,390	68.7	56	27.9	632	31.3	201	100.0	2,022	100.0
CV - Home Purchase - Conventional	37	90.2	5,081	95.2	4	9.8	257	4.8	41	100.0	5,338	100.0
HI - Home Improvement	2	66.7	96	75.6	1	33.3	31	24.4	3	100.0	127	100.0
MF - Multi-Family Housing	1	100.0	450	100.0	0	0.0	0	0.0	1	100.0	450	100.0
RF - Refinancing	8	88.9	1,000	86.9	1	11.1	151	13.1	9	100.0	1,151	100.0
Total HMDA related	48	88.9	6,627	93.8	6	11.1	439	6.2	54	100.0	7,066	100.0
SB - Small Business	115	84.6	7,747	89.0	21	15.4	954	11.0	136	100.0	8,702	100.0
Total Small Bus. related	115	84.6	7,747	89.0	21	15.4	954	11.0	136	100.0	8,702	100.0
TOTAL LOANS	308	78.8	15,764	88.6	83	21.2	2,026	11.4	391	100.0	17,790	100.0

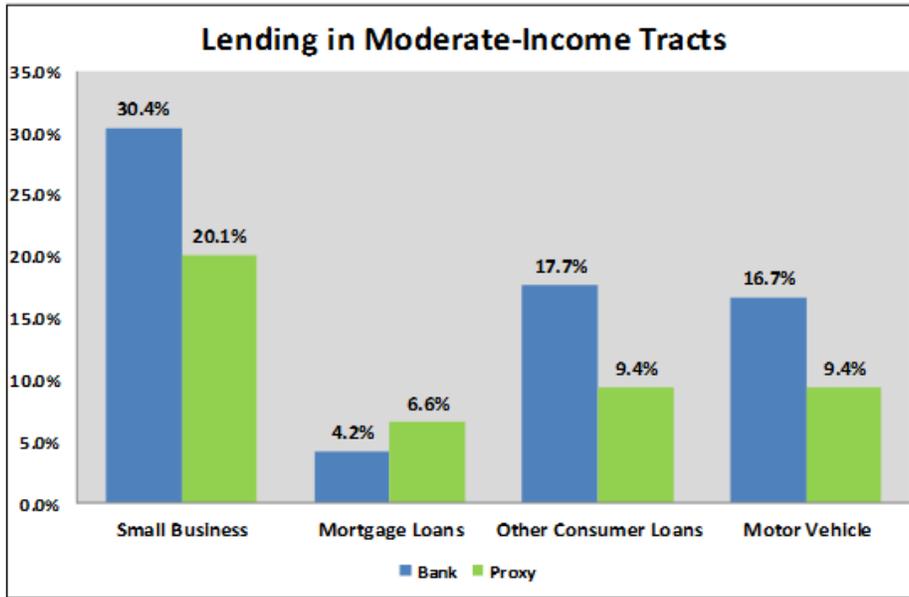
Therefore, a majority of the bank's loans were originated inside the assessment area by both number and dollar amount.

Geographic Distribution of Lending

Overall, the geographic distribution of lending reflects an excellent dispersion of loans within the assessment area. Small business lending, which received the greatest weight, is excellent. Mortgage lending is good and consumer lending, which received the least weight, is excellent for both other consumer and motor vehicle loans. Loans were originated in all 16 census tracts; as a result, there were no gaps in lending.

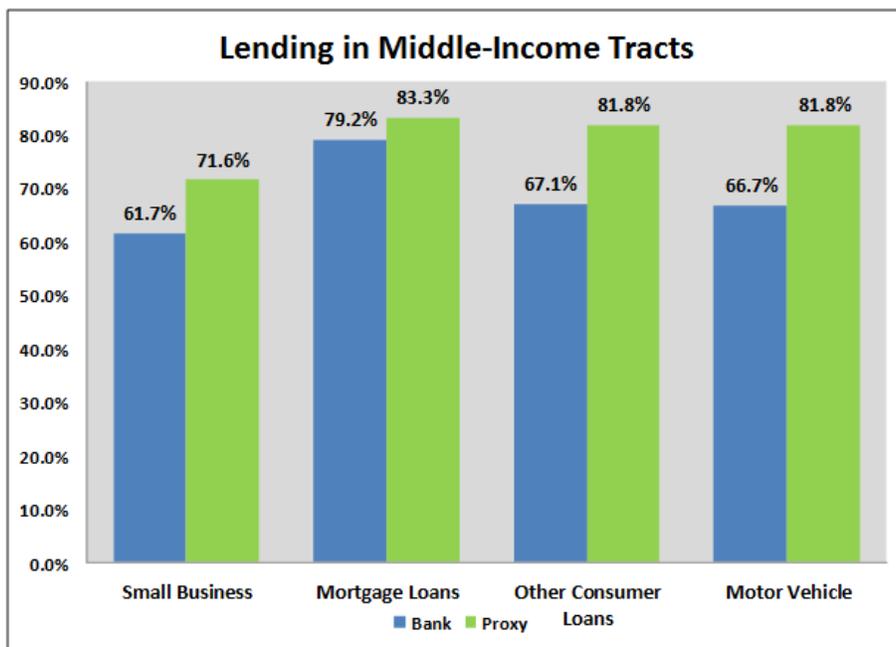
As stated earlier, because there are no low-income census tracts and only two moderate-income census tracts within the assessment area, borrower distribution was given greater weight than geographic distribution for this evaluation.

The following chart illustrates the bank's lending in the two moderate-income census tracts for all products.



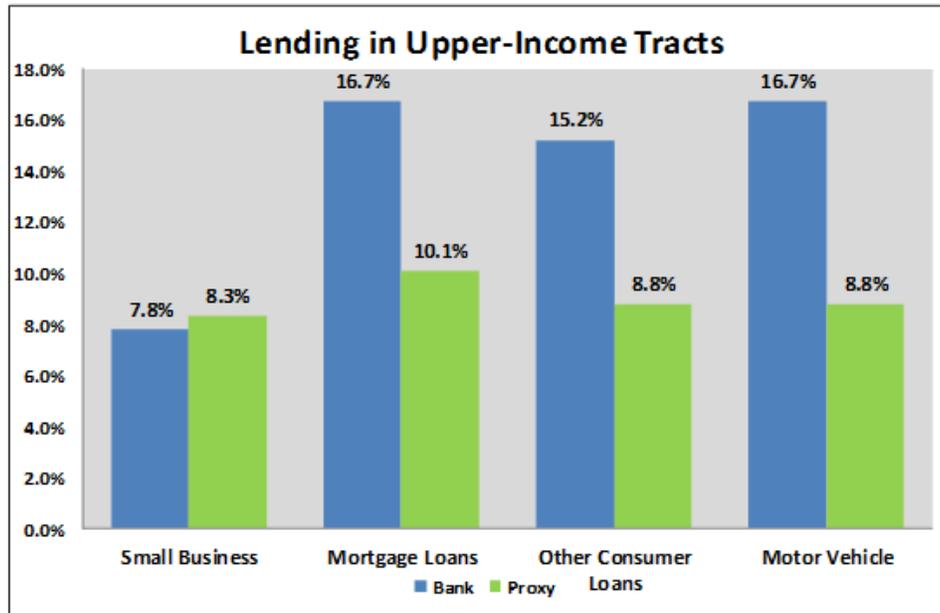
As indicated in the above chart, all products exceeded the proxy, except for mortgage lending, which is slightly less than the proxy. The geographic distribution of lending in moderate-income tracts is excellent.

The following chart illustrates the bank's lending in the 12 middle-income census tracts for all products.



As illustrated by the above chart, lending for all products is slightly below the proxies and the geographic distribution of lending in middle-income census tracts is good.

The following chart illustrates the bank's lending in the two upper-income census tracts for all products.



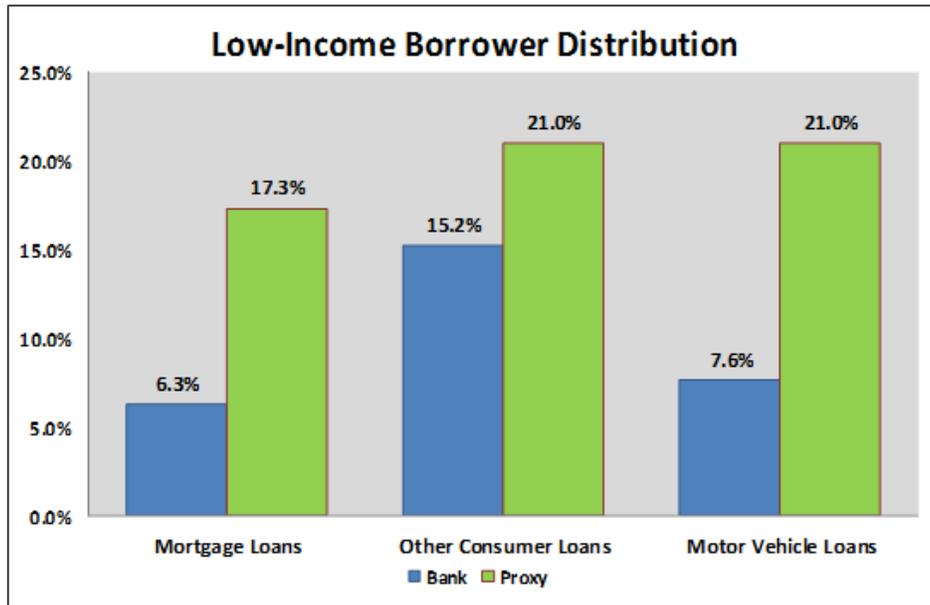
Lending in the upper-income census tract is considered excellent, as lending in all products exceeded the proxy, except for small business lending, which was slight below the proxy.

Borrower Distribution of Lending

Overall, Settlers' lending performance reflects a reasonable distribution of lending to borrowers (particularly to low- and moderate-income borrowers) of different income levels and to businesses of different revenue sizes. Small business lending, which received the greatest weight, is good. Mortgage lending and consumer lending, which received less weight, are also considered good.

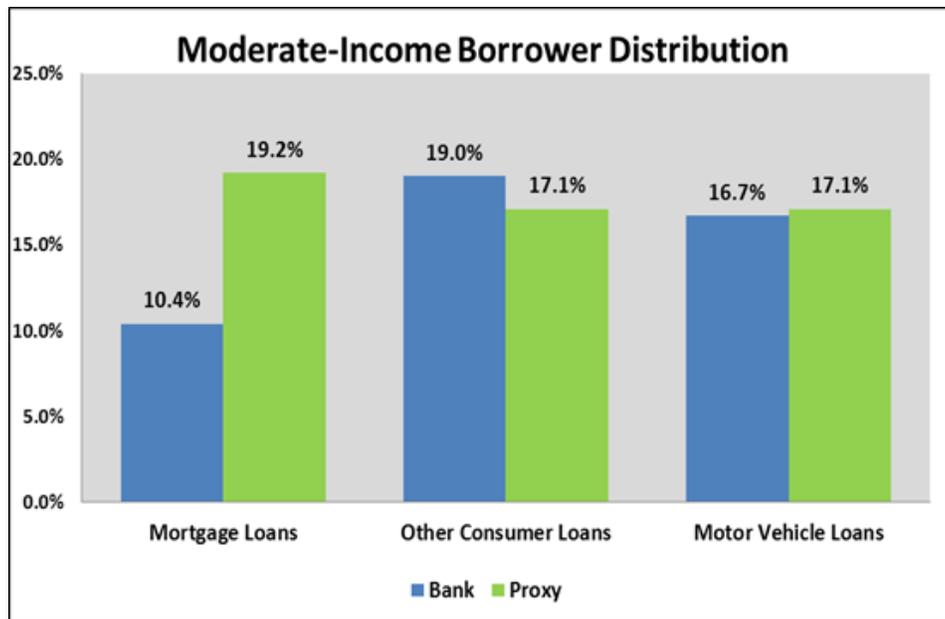
As previously discussed, borrower distribution was weighted more heavily than the geographic distribution.

The following table illustrates lending for all products to low-income borrowers.



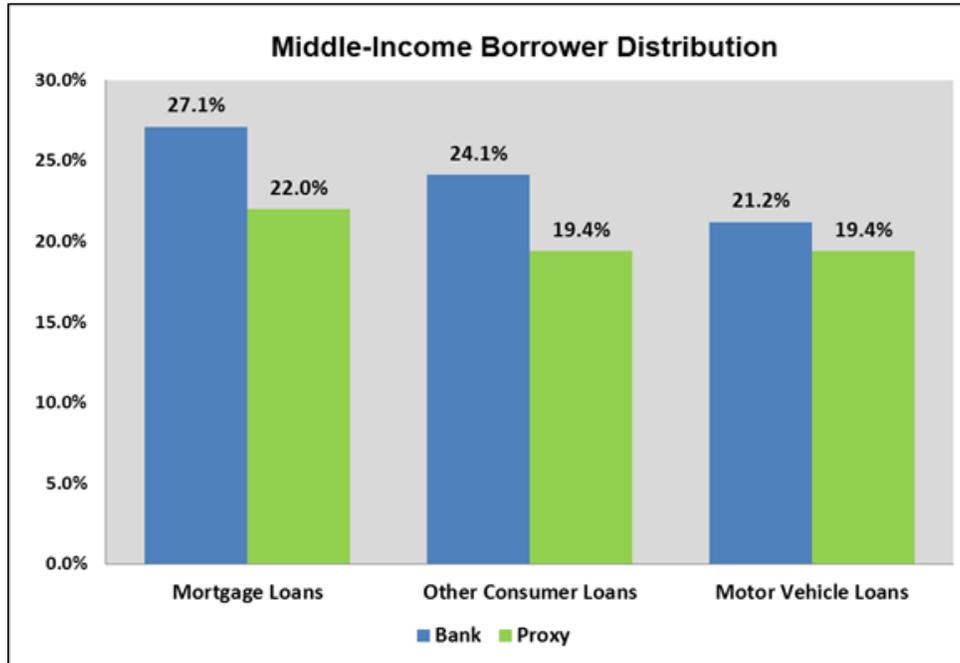
As displayed by the chart, lending for all products to low-income borrowers is below the respective proxies. Therefore, the borrower distribution of lending to low-income borrowers is poor even when considering the poverty rates and housing affordability.

The following table illustrates lending for all products to moderate-income borrowers.



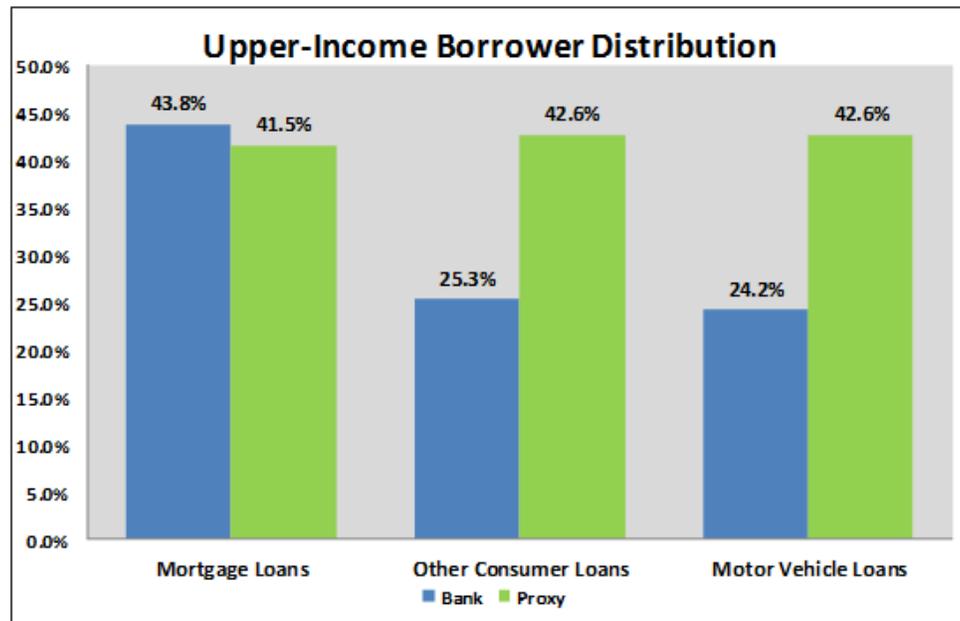
As the above chart indicates, mortgage lending is significantly below the proxy. The bank performed much better in moderate-income lending for other consumer loans and motor vehicles, as lending was above and slightly below the proxies, respectively. Therefore, the borrower distribution of lending to moderate-income borrowers is good.

The following table illustrates lending for all products to middle-income borrowers.



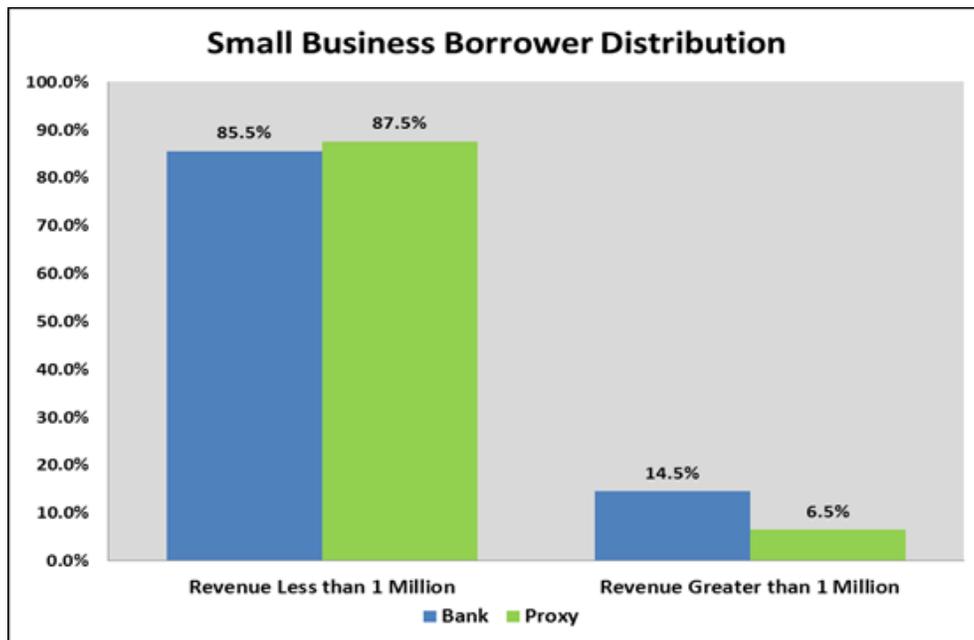
As the above chart illustrates, the bank performed excellent in lending to middle-income borrowers. Lending to middle-income borrowers in all products exceeded the respective proxies.

The following table illustrates lending for all products to upper-income borrowers.



As the chart illustrates, mortgage lending to upper-income borrowers is excellent, whereas lending to upper-income borrowers is considered poor for other consumer loans and motor vehicle loans. Therefore, the borrower distribution of lending to upper-income borrowers is good.

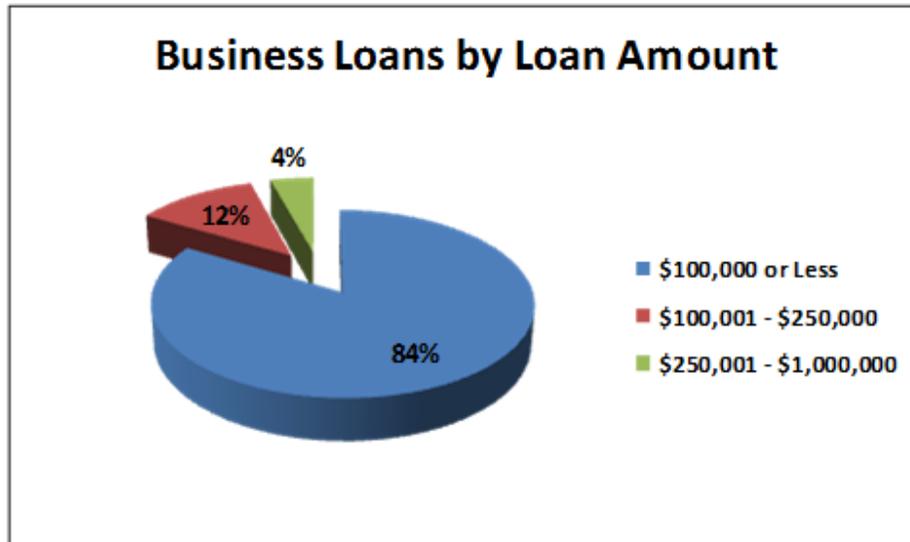
The following chart depicts Settlers' percentage of lending to businesses by revenue size compared to the percentage of businesses by revenue size within the assessment area.



For businesses with annual revenues of \$1 million or less, the lending volume of 85.5% is slightly less than the proxy of 87.5%. For businesses with revenues greater than \$1 million, the percentage of business lending of 14.5% was more than twice the proxy of 6.5%.

Of the 115 loans originated to businesses, only 69 (60.0%) had known revenues. This portion of the analysis is based on loans with known revenues. Settlers' lending to businesses of different revenue sizes reflects a reasonable distribution of lending. The business demographic data for this assessment area discloses that there are 2,768 businesses, of which 87.5% are small businesses with annual revenues of \$1 million or less. During the evaluation period, Settlers originated 59 loans to small businesses (85.5%) and ten loans to businesses with revenues greater than \$1 million (14.5%).

The 59 loans to small businesses totaled \$3.9 million, which is 72.5% of the total business lending by dollar volume for businesses with known revenues. The ten loans to businesses with revenues exceeding \$1 million totaled \$1.5 million for 27.5% of the business lending volume.



As shown in the chart above, of the 115 loans originated to businesses, 96 loans (84.0%) were extended in the amounts of \$100,000 or less.

Because smaller-size loans are commensurate with the borrowing needs of smaller businesses, Settlers' level of lending activity demonstrates that such credit needs are being met, particularly considering that both community contacts stated there is a need for small business lending in the area

Response to Consumer Complaints

No CRA-related complaints were filed against Settlers Bank during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A
LENDING TABLES

HMDA Loan Distribution Table

Exam: Settlers Bank

Assessment Area/Group :Settlers Bank, Washington County AA 2011

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Purchase								
Low	0	0.0%	0	0.0%	1	2.7%	76	1.5%
Moderate	2	5.4%	86	1.7%	3	8.1%	179	3.5%
Low/Moderate Total	2	5.4%	86	1.7%	4	10.8%	255	5.0%
Middle	30	81.1%	4,622	91.0%	10	27.0%	1,055	20.8%
Upper	5	13.5%	373	7.3%	18	48.6%	3,499	68.9%
Unknown	0	0.0%	0	0.0%	5	13.5%	272	5.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	37	100.0%	5,081	100.0%	37	100.0%	5,081	100.0%
Refinance								
Low	0	0.0%	0	0.0%	1	12.5%	140	14.0%
Moderate	0	0.0%	0	0.0%	2	25.0%	220	22.0%
Low/Moderate Total	0	0.0%	0	0.0%	3	37.5%	360	36.0%
Middle	5	62.5%	696	69.6%	3	37.5%	327	32.7%
Upper	3	37.5%	304	30.4%	2	25.0%	313	31.3%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	8	100.0%	1,000	100.0%	8	100.0%	1,000	100.0%
Home Improvement								
Low	0	0.0%	0	0.0%	1	50.0%	60	62.5%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	1	50.0%	60	62.5%
Middle	2	100.0%	96	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	1	50.0%	36	37.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	96	100.0%	2	100.0%	96	100.0%
Multi-Family								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Low/Moderate Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	1	100.0%	450	100.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	450	100.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	450	100.0%	1	100.0%	450	100.0%
HMDA Totals								
Low	0	0.0%	0	0.0%	3	6.3%	276	4.2%
Moderate	2	4.2%	86	1.3%	5	10.4%	399	6.0%
Low/Moderate Total	2	4.2%	86	1.3%	8	16.7%	675	10.2%
Middle	38	79.2%	5,864	88.5%	13	27.1%	1,382	20.9%
Upper	8	16.7%	677	10.2%	21	43.8%	3,848	58.1%
Unknown	0	0.0%	0	0.0%	6	12.5%	722	10.9%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	48	100.0%	6,627	100.0%	48	100.0%	6,627	100.0%

CRA Loan Distribution Table

Exam: Settlers Bank

Assessment Area/Group: Settlers Bank, Washington County AA 2011

Income Categories	SMALL BUSINESS				SMALL FARM			
	#	%	\$(000s)	%	#	%	\$(000s)	%
By Tract Income								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	35	30.4%	2,250	29.0%	0	0.0%	0	0.0%
Low/Moderate Total	35	30.4%	2,250	29.0%	0	0.0%	0	0.0%
Middle	71	61.7%	5,235	67.6%	0	0.0%	0	0.0%
Upper	9	7.8%	263	3.4%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	115	100.0%	7,747	100.0%	0	0.0%	0	0.0%
By Revenue								
Total \$1 Million or Less	59	51.3%	3,906	50.4%	0	0.0%	0	0.0%
Over \$1 Million	10	8.7%	1,483	19.1%	0	0.0%	0	0.0%
Not Known	46	40.0%	2,358	30.4%	0	0.0%	0	0.0%
Total	115	100.0%	7,747	100.0%	0	0.0%	0	0.0%
By Loan Size								
\$100,000 or less	96	83.5%	2,973	38.4%	0	0.0%	0	0.0%
\$100,001 - \$250,000	14	12.2%	2,385	30.8%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	5	4.3%	2,389	30.8%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	115	100.0%	7,747	100.0%	0	0.0%	0	0.0%
By Loan Size and Revenue \$1 Million or Less								
\$100,000 or less	48	81.4%	1,572	40.2%	0	0.0%	0	0.0%
\$100,001 - \$250,000	9	15.3%	1,589	40.7%	0	0.0%	0	0.0%
\$250,001 - \$1 Million (Bus)-\$500k (Farm)	2	3.4%	746	19.1%	0	0.0%	0	0.0%
Over \$1 Million (Bus)-\$500k (Farm)	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	59	100.0%	3,906	100.0%	0	0.0%	0	0.0%

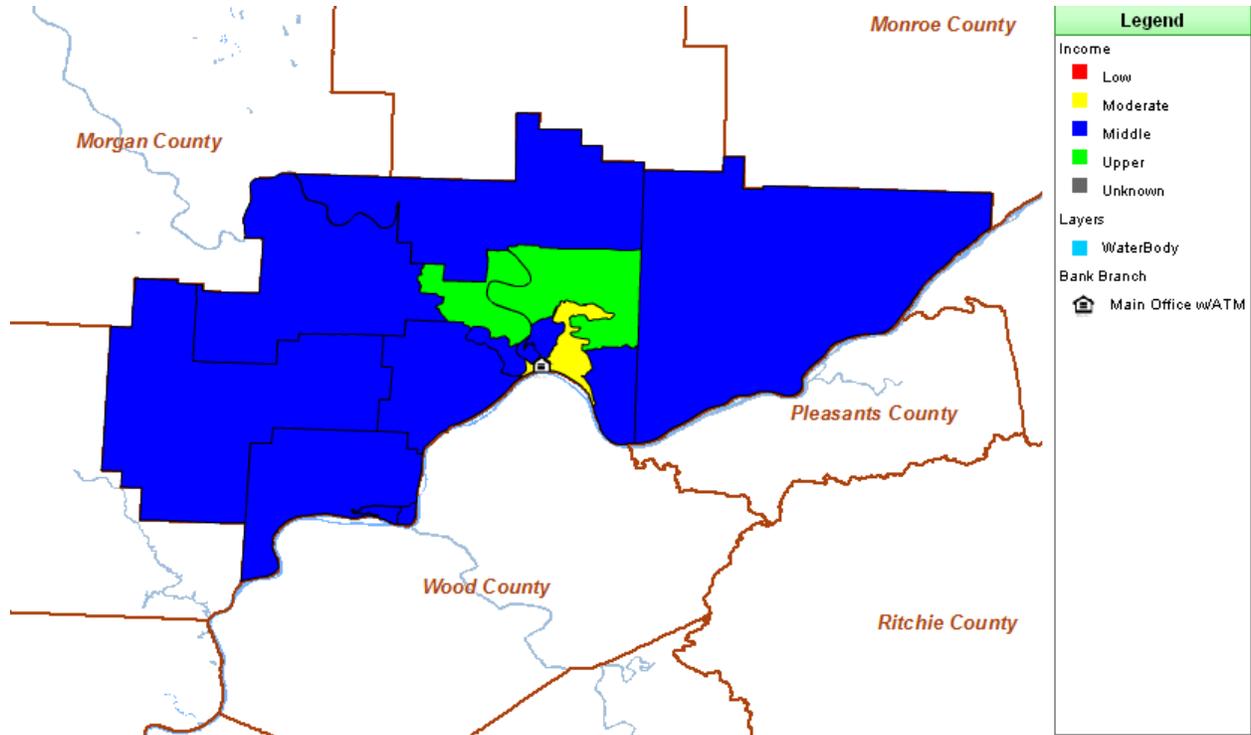
Consumer Loan Distribution Table

Exam: Settlers Bank

Assessment Area/Group :Settlers Bank, Washington County AA 2011

	CONSUMER LOANS							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Motor Vehicle							
Low	0	0.0%	0	0.0%	5	7.6%	25	2.8%
Moderate	11	16.7%	157	17.3%	11	16.7%	129	14.2%
Low/Moderate Total	11	16.7%	157	17.3%	16	24.2%	154	16.9%
Middle	44	66.7%	587	64.6%	14	21.2%	266	29.3%
Upper	11	16.7%	164	18.1%	16	24.2%	252	27.8%
Unknown	0	0.0%	0	0.0%	20	30.3%	237	26.1%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	66	100.0%	909	100.0%	66	100.0%	909	100.1%
	Other - Secured							
Low	0	0.0%	0	0.0%	5	13.9%	29	11.4%
Moderate	4	11.1%	18	7.2%	8	22.2%	55	21.5%
Low/Moderate Total	4	11.1%	18	7.2%	13	36.1%	84	32.9%
Middle	27	75.0%	208	81.5%	11	30.6%	84	32.9%
Upper	5	13.9%	29	11.4%	10	27.8%	86	33.6%
Unknown	0	0.0%	0	0.0%	2	5.6%	2	0.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	36	100.0%	256	100.0%	36	100.0%	256	100.3%
	Other - Unsecured							
Low	0	0.0%	0	0.0%	7	16.3%	8	3.5%
Moderate	10	23.3%	23	10.4%	7	16.3%	15	6.5%
Low/Moderate Total	10	23.3%	23	10.4%	14	32.6%	22	9.9%
Middle	26	60.5%	160	70.9%	8	18.6%	18	8.1%
Upper	7	16.3%	42	18.7%	10	23.3%	121	53.8%
Unknown	0	0.0%	0	0.0%	11	25.6%	64	28.4%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	43	100.0%	226	100.0%	43	100.0%	226	100.3%
	Consumer Loan Totals							
Low	0	0.0%	0	0.0%	17	11.7%	62	4.5%
Moderate	25	17.2%	199	14.3%	26	17.9%	198	14.2%
Low/Moderate Total	25	17.2%	199	14.3%	43	29.7%	260	18.7%
Middle	97	66.9%	955	68.7%	33	22.8%	368	26.5%
Upper	23	15.9%	236	17.0%	36	24.8%	459	33.0%
Unknown	0	0.0%	0	0.0%	33	22.8%	303	21.8%
Tract Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	145	100.0%	1,390	100.0%	145	100.0%	1,390	100.1%

APPENDIX B
ASSESSMENT AREA MAP



APPENDIX C

GLOSSARY OF TERMS

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize:

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.