

# *PUBLIC DISCLOSURE*

November 4, 1996

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Huntington State Bank  
#04390090  
41 South High Street  
Columbus, Ohio 43287

Supervisory Agency: Federal Reserve Bank of Cleveland  
P.O. Box 6387  
Cleveland, Ohio 44101-1387

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.

## SECTION I

### **General Information**

This document is an evaluation of the Community Reinvestment Act ("CRA") Performance of Huntington State Bank, Alexandria, Ohio, prepared by the Federal Reserve Bank of Cleveland, the institution's supervisory agency.

The evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of November 11, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977 (12 U.S.C 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal supervisory institution shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take that record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessment of financial institutions.

### **Basis for the Rating**

The assessment of the institution's record takes into account its financial capacity and size, legal impediments, and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.



## Section II

### Assignment of Rating

#### Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the from the following groups:

- ! Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including, low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- ! Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- ! Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

- ! Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

**SECTION III****Discussion of Institution's Performance****Institution's Rating**

This institution is rated "Outstanding" based upon the findings presented below.

**ASSESSMENT OF RECORD****I. Ascertainment of Community Credit Needs****Assessment Factor A - Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.**

Huntington State Bank ("HSB") ascertains the credit needs of the community through daily contact with customers and residents of the area. Many of the residents living within the community of Alexandria maintain some type of account relationship with the bank.

The employees of the bank participate in various community activities and help to identify the credit needs of the community. The CRA officer attends village council meetings and local Farm Bureau Council meetings and calls on the local businesses and farms to determine the credit needs of the community.

In October of 1994, the bank's directors and management were involved in an ascertainment of the community needs by conducting a survey and a unique door-to-door canvas. The survey contained questions about the resident's current banking relationship(s), the products and services used, whether the household was a bank customer, and whether the household used its products and services.

Every household in Alexandria was visited by the associates and the completed surveys were collected. The results of the survey provided useful information to the bank on products and services that the community felt were needed to meet their credit needs.

The bank continues to seek and maintain regular contact with government officials and other individuals and groups who represent community development interests.

No public programs or partnerships have become available in which the bank could participate. The bank is willing to support programs that would enhance the economic development of the community. Products offered, including governmentally related programs, are based on the credit needs of the community.

On a quarterly basis, the bank collects and analyzes local demographic data in relation to lending activities within the delineated area. Products offered through the bank and its parent company are well suited to the meet credit needs of the community.

**Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.**

The CRA officer conducts quarterly and end-of-the year assessments to evaluate the bank's CRA performance. The results of the self-assessment are evaluated and rated by the holding company's Community Services Division and are reported to the lead bank's executive management.

HSB's board and senior management formally review the bank's CRA activities and performance at an annual meeting in Alexandria. The board annually reviews the geographic distribution and disposition of loan applications. The board approved the bank's CRA statement at its December 19, 1995, board meeting. The most recent CRA statement includes new loan products and services available through Huntington National Bank ("HNB") and the mortgage company.

**II. Marketing and Types of Credit Offered and Extended**

**Assessment Factor B - The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.**

Formalized marketing of the bank's products and services have been provided by HSB's lead bank. All of the bank's marketing materials refer to Huntington Bank and do not specifically reference HSB. The close proximity of HSB to Columbus provides the bank with an excellent source of advertisements that are used by the lead bank. The lead bank, HNB, markets products and services to the appropriate market segments using a variety of media including advertisements in the community's local newspaper, the Johnstown Independent.

Marketing efforts for bank employees focus on daily contact with the residents of the community. The employees of the bank participate in community activities which provides the bank with an excellent opportunity to assist and respond to the community's questions, needs, and concerns. The bank places name recognition advertisements in school yearbooks and community yearbooks and in community and school programs and sponsors community activities.

**Assessment Factor I - The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.**

According to the bank's CRA statement, the following types of credit are available or can be arranged:

1. *Housing loans*  
 Conventional mortgage loans for single-family dwellings
  - ! HUD-FHA Section 203(b) mortgage loans
  - ! VA mortgage loans for single-family dwellings
  - ! Interim construction financing for single- and multi- family dwellings
  - ! Home improvement loans
  - ! Rehabilitation loans for single- and multi-family dwellings
  
2. *Farm Loans*  
 Agricultural loans are available to farm owners or operators, without regard to the size of the farming operation.
  
3. *Business loans*  
 Business loans are available to individuals, proprietorships, partnerships, corporations, and non-profit organizations, including specialized credit services such as:
  - ! Small business loans guaranteed by the U.S. Small Business Administration
  - ! Leases for farm and business-related equipment
  - Import/Export financing (letters of credit and bankers acceptances)
  - ! Qualified small business borrowers in general
  
4. *Investment and community development loans*
  - ! Tax anticipation financing for school districts and other public entities
  - ! Bond anticipation financing for municipalities
  - ! Investment in local public issuing authority
  - ! Bond financing credit advancement for public entity financing
  
5. *Consumer loans*
  - ! Personal loans
  - ! Student loans
  - ! Equity/second mortgage loans
  - ! Financing of retail purchases
  - ! Revolving credit account plans

! Vehicle leases

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Credit services listed above are available either through HSB or through the lead bank. Mortgage loan originations are handled by Huntington Mortgage Company. Credit cards and large commercial loans are handled by the Huntington National Bank.

Special loan programs and seminars for low- to-moderate income borrowers are available through the lead bank's affiliates. A special low- to moderate-income prequalification mortgage loan program is aimed at educating consumers on how to qualify for a mortgage loan. In addition, the lead bank offers a mortgage loan program to low- to moderate-income borrowers that features a low downpayment, private mortgage loan insurance paid by the bank, and flexible underwriting criteria.

HSB continues to have an above-peer level of performance in real estate-related loans, even though the bank does not offer first mortgage financing at its location. The bank's concentration on consumer lending is evidenced by its higher-than-peer level activity in all loan categories.

Lending levels reflect a responsiveness to community credit needs. The bank affirmatively addresses the credit needs of the community through its affiliate or its origination of loans.

**Assessment Factor J - The institution's participation in governmentally insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.**

A variety of government-related programs are offered through or can be arranged through the lead bank. HSB does not participate directly in any governmentally insured, guaranteed, or subsidized loan programs.

**III. Geographic Distribution and Record of Opening and Closing Offices**

**Reasonableness of Delineated Community.**

The bank has defined its delineated area as 13 census tracts in Licking County that is a portion of the Columbus, Ohio, Metropolitan Statistical Area ("MSA"). According to 1990 Census Bureau data, all 13 census tracts are either middle- or upper-income and contain a low minority population.

HSB's assessment area meets the purpose of CRA and does not intentionally exclude any low- to moderate-income areas. The bank directors and management are continuously reevaluating the delineated area with the credit needs of the

community.

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**Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.**

The bank's geographic distribution of credit extension, application, and denial demonstrates a reasonable penetration of all segments of the community. HSB is not subject to the Home Mortgage Disclosure Act ("HMDA") due to its size and the fact that the bank does not originate first mortgage home purchase loans.

The lead bank has internal procedures to identify the geographic distribution of HSB's loan and deposit products by census tract. These quarterly lending analyses and demographic reports are reviewed by bank management and directors to establish the bank's policies and services.

The bank's geographic distribution of credit extensions, applications, and denials demonstrates a reasonable penetration of all segments of the community. The bank has documented procedures to identify the geographic distribution of its loan and deposit products that is useful to management and the directors in the establishment of the bank's policies and services.

**Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.**

The bank's one office is located in the Village of Alexandria, Ohio. The location of the office and the hours are reasonable and accessible to all segments of the community. Through the lead bank, an 800 telephone number is available to bank customers that provides bank services and loan and deposit products 24 hours a day, seven days a week.

**IV. Discrimination and Other Illegal Credit Practices**

**Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).**

The bank has fair lending procedures and training programs in place to ensure that it does not illegally discourage or prescreen applicants. HSB solicits credit applications from all segments of its community. Annually, the bank's management and employees are required to attend a fair lending training class.

**Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.**

No substantive violations of fair lending laws or regulations were noted during the examination. Technical violations were reviewed with management to ensure future compliance.

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## V. Community Development

### **Assessment Factor H - The institution's participation, including investments, in local community development and redevelopment projects or programs.**

Investment opportunities in the delineated area are limited because of the bank's small size. The bank's investment portfolio contains no bond issues, but the lead bank participates in bond issues for the communities in the bank's delineated area.

Redevelopment activities and CRA-related community development projects within the bank's delineated area are limited. HSB continues to help meet the financing, educational, and social needs of the local community.

### **Assessment Factor K - The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.**

The bank has no known legal impediments affecting the bank's ability to meet the credit needs of its local community. The bank plays a leadership role in helping the economic development of the area consistent with its size, financial capacity, and local economic conditions.

## **COMMUNITY PROFILE**

The Village of Alexandria is located in Licking County, approximately 30 miles east of Columbus, Ohio, and 14 miles west of Newark, Ohio. According to the 1990 Census Bureau data, the village's population was 542, the area's population was 61,551, the median family income was \$38,036, and the median household income was \$33,296.

Housing data from the 1990 census indicate that there were a total of 21,930 housing units within the bank's delineated area. Of that number, 71.9% were owner-occupied, 24.1% were rental units, and 4% were vacant units. In addition, approximately 85.3% of the units were 1-4 family units.

The bank's delineated area analysis uses household income calculations of the incomes of all persons residing within a household, whereas family income includes only the incomes of persons related by blood or marriage who are living in the household. According to the 1990 Census Bureau data, the bank's delineated area

contains low-, moderate-, middle-, and upper-income census tracts.<sup>1</sup>

The following chart details household and family incomes for the delineated area:

<b>Income Classification</b>	<b>Household Income</b>	<b>Family Income</b>
Low-Income	19.5%	15.9%
Below-Poverty	8.0%	6.2%
Moderate-Income	15.6%	17.2%
Middle-Income	20.8%	26.9%
Upper-Income	44.1%	40.0%

The area surrounding Huntington State Bank is primarily non-minority. The racial composition as a percentage of delineated area population is as follows:

<b>Race</b>	<b>% of Assessment Area Population</b>
White	97.5%
Black	1.3%
Asian	.4%
Hispanic	.5%
American Indian	.2%
Other	.1%

According to the 1990 census data, the delineated area continues to maintain a relatively stable labor force of individuals. The area's primary employers are manufacturers, with the major companies being Tech International, Central Ohio Plastics, The Longaberger Company, and Process Bonding, Inc. According to the Ohio Bureau of Employment Services Labor Force Estimates for October 1996,

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<sup>1</sup>Low-, moderate-, middle-, and upper-income are defined as follows:

Low-income: Up to 50% of the median MSA family income.

Moderate-income: Greater than 50% up to 80% of the median MSA family income.

Middle-income: Greater than 80% up to 120% of the median MSA family income.

Upper-income: Greater than 120% of the median MSA family income.

Licking County had an unemployment rate of 3.4%. The unemployment rate for the state was 4.3%, and the national unemployment rate was 4.9%.

## **BANK PROFILE**

HSB, with assets of \$15.6 million, is a subsidiary of Huntington Bancshares, Incorporated, a regional bank holding company headquartered in Columbus, Ohio. The holding company's banking subsidiaries operate offices or affiliates in Ohio, Florida, Indiana, Kentucky, Michigan, and West Virginia.

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**Assessment Factor L - Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.**

In conjunction with the new HNB branch in Newark, the bank plans to offer seminars on investments, small business financing, and real estate loans during 1997. During the previous year, the bank participated in various youth and community-related activities. The bank regularly sponsors and participates in the Alexandria Fun Days, a local community festival.

