



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

December 19, 1996

**The City National Bank of Charleston
Charter Number - 14807
3601 MacCorkle Avenue, S.E.
Charleston, West Virginia 25304**

by

Office of the Comptroller of the Currency
100 Capitol Street, Suite 400
Charleston, West Virginia 25301

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

This document is an evaluation of the Community Reinvestment Act (CRA) performance of The City National Bank of Charleston prepared by the Office of the Comptroller of the Currency, 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 **October 31, 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 the examination of a financial institution, each federal financial supervisory agency 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 the 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 assessments 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 upon a review of twelve assessment factors, which are grouped together under five performance categories, as detailed in the following section of this evaluation.



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 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 overall 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.



Bank Profile

As of September 30, 1996 City National Bank had total assets of \$432.9 million. The bank operates twelve offices throughout its community. The bank is a full service lender offering numerous loan and deposit products. The bank is consistently profitable and as of September 30, 1996 reported a net income of \$4.4 million, representing a return on average assets of 1.41%. Risk based capital ratios are above required minimums and the bank is considered well capitalized for regulatory purposes.

City National Bank is a wholly owned subsidiary and is the lead bank of City Holding Company. As of June 30, 1996, this holding company had consolidated assets of \$1.1 billion and operated nine banking subsidiaries and two active non-bank subsidiaries.

Community Profile

City National Bank operates in a stable economy with a diverse employment base consisting of chemical manufacturing, education, retail trade, health care, transportation/distribution facilities, and mining. There is also a strong state government presence, with Charleston being the state capital. Kanawha and Putnam counties have a population of approximately 250,000 and makes up the state's largest Metropolitan Statistical Area (MSA). The delineation consists of 61 census tracts. The percentages of low- and moderate-income census tracts within this delineation are approximately 2% and 21%, respectively. The 1990 census MSA Median Family Income for these counties is \$30,296. Competition is strong with the state's four largest banks operating in the local market area. In addition, there is competition from local credit unions and other financial institutions.



Discussion of Institution's Performance

Institution Rating:

Based on the findings presented below, this institution is rated: **“Satisfactory Record of Meeting Community Credit Needs.”**

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.

Conclusion:

- **Management and the Board ascertain the credit needs of the bank’s local community through regular formal and informal contacts with community groups and organizations. An active officer call program is maintained through the Business Development Department.**

Community credit needs are determined by a variety of methods. One example is the Business Development Department’s ongoing officer call program. This program calls on small businesses, community groups, and local civic and governmental groups to identify credit needs.

Assessment Factor C) 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.

Conclusion:

- **The bank has an informal CRA program with goals, objectives and a methodology for self-assessment. The Board and senior management exercise oversight and conduct occasional reviews of CRA activities, through a CRA management committee, to ensure the technical regulatory requirements are met.**

The CRA Committee completed self-assessments in March, 1994 and April, 1995 to evaluate the bank’s CRA performance. The results of these analyses were reviewed by the board of directors. In addition, the Board has reviewed the geographic distribution of loans and deposits annually and adopted an expanded CRA Statement.



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.

Conclusion:

- **The bank has implemented a marketing program to reach all segments of its delineated community, including low- and moderate-income neighborhoods. This program is designed to promote a general awareness of the bank's financial services.**

Bank management has implemented an informal marketing program that informs the local community of general financial products and services offered. Regular marketing activities include radio, television, newspaper and local real estate guide advertisements. The bank occasionally uses direct mail and announcements included in monthly statements.

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.

Conclusion:

- **The bank originates a wide range of loan products, including residential mortgages, home improvement loans, mobile home loans and home equity lines of credit. The majority of these loans are to consumers and small businesses located within the delineated community. The CRA statement correctly lists all credit products available throughout the delineated community.**

As of October 31, 1996 City National Bank had \$363 million in gross loans outstanding, including purchased loans. Loans originated by the bank, generally within its local community, equal approximately \$285 million. This adjusted loan amount represents a loan to deposit ratio of 92%. This compares to 79% on September 30, 1993. This means that ninety-two cents of every dollar deposited is invested in loans. The following summarizes the adjusted loan portfolio mix as of October 31, 1996:

TYPE OF LOAN	DOLLAR VOLUME (000)	PERCENT OF TOTAL
1-4 Family Residential	\$126,279	44%
Home Equity Lines of Credit	12,832	5%
Loans to Individuals	40,207	14%
Business Loans	105,736	37%
TOTAL	\$285,054	100%



City National Bank continues to offer loans for amounts less than \$1500 to consumers. The bank originated 612 and 610 of these loans in 1995 and 1996, respectively. These totaled \$1.2 million, or an average of \$961 per loan.

The bank currently offers home equity financing with no closing costs. This facilitates home improvement loans for borrowers without the burden of the closing costs associated with most mortgage loans.

The bank has a Business Manager Loan Program which makes lines of credit available for small businesses. These lines assist in cash flow management and provide working capital. There are currently 25 customers using this program and loans extended ranged from \$15,000 to \$2.5 million. Of these 25 customers, only one is outside the delineated community.

Assessment Factor J) The institution's participation in government-insured, guaranteed or subsidized loan programs for housing, small businesses, or small firms.

Conclusion:

- **City National Bank is aware of the governmentally-insured and supported loan programs and occasionally extends Small Business Administration (SBA) loans. In addition, they recently began offering a Federal Housing Administration (FHA) Title I home improvement loans.**

The bank funded twelve FHA Title I loans, totaling \$171,540, during the period of September 1 to November 15, 1996. An additional nine loans were in the process of closing at the time of our evaluation. Requests for government sponsored fixed rate mortgages, such as VA and FHA, are referred to the bank's affiliate City Mortgage Company. Also, two SBA loans were extended in 1995, totaling \$60,000.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Communities

Conclusion:

- **The bank's delineated community consists of Kanawha and Putnam Counties. This delineation is reasonable and does not exclude any low- and moderate-income areas.**

Management defined the bank's delineated community by analyzing its sources of deposits and all types of loans. This information is also considered in all branching plans.



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

Conclusion:

- **Credit extensions, applications and denials penetrate all segments of the delineated community, including low- and moderate-income areas.**

Bank analysis of the geographic distribution of loans and loan applications found that 83% of consumer loans made were inside the delineated community. Similar analysis of consumer loans based on borrower income found that 41% of the total number of these loans were made to borrowers with incomes less than the MSA median family income of \$30,296.

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

Conclusion:

- **City National Bank's offices are accessible to all segments of its local community. Although no offices have been closed, the Board has approved a Branch Closing Policy. This policy ensures that any branch closing will not adversely affect the local community.**

City National Bank has twelve full service offices located throughout the local community. Five of these branches were opened or acquired in 1995 and one in 1996. These new branches include three in Putnam County, one in the Marmet/Chesapeake area of Kanawha County and two in Charleston. The office in Marmet was opened because management determined an office was needed to serve customers in this low- to moderate-income area.

All offices offer full service banking. Also, all branches are accessible through extended lobby and drive-through hours.

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).

Conclusion:

- **The bank solicits credit applications from all segments of its delineated community, including low- and moderate-income areas. We did not identify any practices intended to discourage credit applications.**

Bank management has implemented policies and procedures to ensure compliance with fair lending laws and regulations. In addition, the compliance department performs audits to



evaluate compliance with fair lending laws.

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

Conclusion:

- **We did not identify any evidence of discrimination or any other illegal credit practices during our examination.**

Our fair lending review included a comparative file analysis using standard OCC procedures to determine if the application process would yield similar results for female and male applicants with similar qualifications. This analysis compared unsecured consumer loans for ten denied female applicants to 47 approved male applicants. Based on this review, the bank was found to be in compliance with the provisions of the fair lending laws and regulations.

V. COMMUNITY DEVELOPMENT

Assessment Factor H) The institution's participation, including investment, in local community development and redevelopment projects or programs.

Conclusion:

- **The Board and management are aware of community development and redevelopment programs within its community. The bank periodically participates in such projects.**

Examples of Board and management participation in community programs include a commitment to the City of Charleston and the West Side Neighborhood Association to assist in the revitalization of the West Side neighborhood. This commitment includes:

- providing FHA insured mortgages for buying existing homes or construction of new homes;
- participation with the West Virginia Housing Development Fund in making construction financing available for residential contractors;
- participation in the Federal Home Loan Bank of Pittsburgh's Community Investment Program for housing and economic development projects and also in its Home Buyer Fund to help low-income, first time home buyers; and,
- the waiving of the 1% origination fee charged on the bank's in-house adjustable rate mortgages up to an aggregate amount of \$1 million in mortgage loans used to purchase or construct a home. This is subject to the City's successful application for Section 108 Loan Guarantee and the Economic Development Initiative Grant.

City National Bank has extended two loans, totaling \$3 million, for the revitalization of two vacant office buildings in the City of Charleston. They have also provided funding to



municipalities, volunteer fire departments and other community groups.

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.

Conclusion:

- **Consistent with its asset size, financial condition, local economy and banking office locations, the bank adequately serves the credit needs of its entire community, including low- and moderate-income areas.**

There are no financial, legal, or economic barriers that prevent City National Bank from meeting community credit needs. Refer to the **Bank and Community Profile** included on page 4 of this Evaluation for more details on the bank and its market area.

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.

Conclusion:

- **The bank has demonstrated a willingness to explore other activities to meet the needs of the community, including credit and non-credit needs.**

The bank participates in the Newspapers in Education program with Kanawha County Schools and Charleston Newspapers. This program provides the funding for newspapers used in social studies classes.

The bank also supports numerous local groups and organizations through director and officer participation, as well as donations. These efforts enhance the community's quality of life.



ADDITIONAL INFORMATION SECTION

The City National Bank of Charleston is a subsidiary of City Holding Company. This multi-bank holding company operates eight other banks in West Virginia. Information on the CRA performance of these other subsidiary banks is available by contacting the Compliance Officer at the addresses listed below:

Peoples Bank of Point Pleasant
2212 Jackson Avenue
Point Pleasant, West Virginia 25550

First State Bank & Trust
1218 Main Street
Rainelle, West Virginia 25962

Bank of Ripley
108 North Church Street
Ripley, West Virginia 25271

The Home National Bank of Sutton
101 Second Street
Sutton, West Virginia 26601

Blue Ridge Bank
420 South Raleigh
Martinsburg, West Virginia 25401

First National Bank of Beckley
517 Valley Drive
Beckley, West Virginia 25801

Merchants National Bank
Fourth Avenue & Washington Street
Montgomery, West Virginia

First National Bank of Hinton
321 Temple Street
Hinton, West Virginia