



## **PUBLIC DISCLOSURE**

January 04, 2016

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Huntington Federal Savings Bank  
Charter Number 700470

1049 5th Ave., Huntington, WV 25701-2202

Office of the Comptroller of the Currency

4419 Pheasant Ridge Road, Suite 300 Roanoke, VA 24014

**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.

**INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

The major factors that support this rating include:

- The institution's average loan-to-deposit (LTD) ratio is reasonable;
- A substantial majority of the loans originated during the evaluation period were inside the institution's assessment areas (AAs);
- The distribution of borrowers, given the demographics of the AAs, reflects an overall reasonable penetration to borrowers of different incomes;
- The geographic distribution of loans reflects reasonable dispersion throughout the low- and moderate-income census tracts in the AAs; and,
- The bank demonstrates adequate responsiveness to community development needs.

## **Scope of Examination**

Huntington Federal Savings Bank (Huntington FSB) was evaluated using the Intermediate Small Bank examination procedures, which include a lending and community development (CD) test. The lending test evaluates the institution's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the institution's responsiveness to CD needs in its AAs through CD lending, services, and qualified investments. The evaluation period under the Lending Test covers the institution's performance from January 1, 2012 through December 31, 2014. The evaluation period for the community development test is March 5, 2013 through January 4, 2016.

For purposes of this evaluation, we considered residential mortgage loans as the primary loan product, based on the institution's business strategy and total loan originations by loan product during the evaluation period. Huntington FSB originated 1,058 mortgage loans during the evaluation period. We excluded business loans, small loans to farms, and multi-family loans because Huntington FSB made a minimal number of these loans.

Because of changes in the bank's AA and changes to standard demographic information used in CRA evaluations, our analysis is divided into separate evaluation periods.

### January 1, 2012 through December 31, 2012

This evaluation period applies to those AAs that were part of Huntington FSB prior to changes made in the AAs by the Board. We evaluated home mortgage loans from January 1, 2012 through December 31, 2012 and community development loans, qualified investments, and community development services from November 13, 2012

through December 31, 2013 for AAs that were part AA that were part of the AAs prior to the addition of census tracts in Lawrence County, OH. We analyzed home mortgage loan data for Year 2012 using 2010-census demographic information, which we discuss in narrative and include data in the tables. We analyzed home mortgage loan data for 2014, using 2010-census demographic information and the 2014 Office of Management and Budget Metropolitan Area changes; and summarized in brief conclusion statements.

The AAs included in this period are the following:

- The Charleston MSA AA – Putnam County, WV in its entirety.
- The Huntington-Ashland, WV-KY-OH MSA AA (Huntington-Ashland AA)- Cabell and Wayne County in WV, each in its entirety.

#### January 1, 2013 through December 31, 2013

The Board and management approved the addition of seven census tracts in southern Lawrence County, OH for the Huntington-Ashland, WV-KY-OH MSA AA for the Year 2013. Lawrence County, OH is included in the Huntington-Ashland MSA. We evaluated home mortgage loans, community development loans, qualified investments, and community development services from January 1, 2013 through December 31, 2013 for AAs that were part AA that were part of the AAs with the addition of seven census tracts in Lawrence County, OH. We analyzed home mortgage loan data for the Year 2013 using 2010-census demographic information, which we discuss in narrative and include data in the tables. We analyzed home mortgage loan data for 2014, using 2010-census demographic information and the 2014 Office of Management and Budget Metropolitan Area changes; and summarized in brief conclusion statements.

The AAs included in this period are the following:

- The Charleston MSA AA – Putnam County, WV in its entirety.
- The Huntington-Ashland, WV-KY-OH MSA AA (Huntington-Ashland AA)- Cabell and Wayne County in WV, each in its entirety; and the seven census tracts in southern Lawrence County in OH.

#### **Data Integrity**

Huntington FSB's public lending information is materially accurate. We tested the accuracy of the institution's publicly filed information for home mortgage lending in July 2015. We found significant errors in the loan data. As a result, management was required to review and correct the data. During December 2015, we evaluated the institution's corrected data and found it to be reliable. This evaluation is based upon this accurate data.

Community development loans, investments and services submitted by the institution's management were verified to ensure they met the regulatory definition for community development.

## Description of Institution

Huntington FSB is a \$541-million, federally-chartered, mutual thrift institution headquartered in Huntington, West Virginia as of September 30, 2015. The institution is an intrastate institution with five office locations and five automated teller machines (ATMs) serving the counties of Cabell, Putnam, and Wayne in West Virginia; and seven census tracts in southern Lawrence County in Ohio. The main office and two branch offices are located in Cabell County; one office is located in Wayne County; and one office is located in Putnam County.

The main office is located in a moderate-income geography in Cabell County. The Huntington Mall branch is located in a middle-income geography and the East Hills Mall branch is located in an upper-income geography in Cabell County. The Westmoreland branch office is located in a middle-income geography in Wayne County. The Putnam Village Shop Center branch is located in an upper-income geography in Putnam County. The bank has not opened any new branches and has not closed any existing branches since the previous evaluation.

Huntington FSB provides for the credit needs of its AAs in a manner consistent with its size, financial capacity, location, resources and local economic conditions. Huntington FSB offers a variety of deposit and loan products to meet consumer and mortgage banking needs. Banking services are standard, with the addition of on-line banking and 24-hour telephone banking. The institution's Internet website, <http://www.huntingtonfederal.com>, provides detailed information on products and services for both consumers and businesses.

The institution's primary focus is on retail banking. The institution attracts deposits from the general public through its branch network. Huntington FSB uses these funds for the origination of mortgage loans secured by one- to four-family residential real estate and, to a lesser extent, mortgage loans secured by nonresidential and multifamily real estate.

A significant level of competition exists within the two AAs. A review of the June 30, 2015, FDIC Summary of Deposits Market Share Report, for Cabell and Wayne County, WV and Lawrence County, OH within the Huntington-Ashland MA, indicated there are 60 branches of FDIC-insured institutions, representing 18 institutions varying in asset sizes. Huntington FSB ranked first with a deposit market share of 14.33 percent. The top institutions and their respective deposit market share percentage were J. P. Morgan Chase, N.A. with 12.62 percent, First Sentry Bank, Inc. with 12.53 percent, Branch Banking & Trust Company with 10.68 percent, and City National Bank of West Virginia with 9.90 percent.

The Putnam County, which was in the Charleston MSA for 2012 and 2013, included 13 institutions with 21 offices in the AA. Top institutions in this county and their respective deposit market share percentage are Putnam County Bank with 51.65 percent, City National Bank of West Virginia with 13.05 percent, Branch Banking & Trust with 8.99 percent, Rock Branch Community Bank with 6.18 percent, and JP Morgan Chase Bank,

N.A. with 3.73 percent. Huntington FSB has one branch office in Putnam County and ranked eighth with a deposit market share of 2.59 percent.

As of December 31, 2015, Tier I Capital was \$70 million, Tier I Risk-Based Capital to Risk-weighted Assets equaled 36.85 percent, and Tier 1 Leverage Capital equaled 12.93 percent.

Huntington FSB’s gross loans as of December 31, 2015 totaled \$218 million, or 40.30 percent of total assets of \$541 million. Total deposits were \$470 million or 86.83 percent of total assets. Table 1 below depicts the loan portfolio by loan product as of September 30, 2015.

<b>Table 1.</b>		
<b>Loan Categories as of Review Period Date*</b>		
<b>TYPE OF LOAN</b>	<b>Balance Outstanding (000's)</b>	<b>% of Total Loans</b>
<b>1 -4 Family Residential</b>	\$173,922	83.14
<b>Multi-family Residential</b>	\$18,466	8.83
<b>Non –Farm/Non-Residential</b>	13,044	6.23
<b>Construction &amp; Land Development</b>	\$2,376	1.13
<b>Loans to Individuals</b>	\$1,275	0.61
<b>Commercial and Industrial</b>	\$113	0.05
<b>Other</b>	\$3	0.01
<b>Total Gross Loans</b>	\$209,199	100.00

\*Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices Only - FFIEC 041 as of September 30, 2015.

Huntington FSB experienced declining loan volume during the evaluation period with gross loans decreasing 4.28 percent since the prior CRA Evaluation. A substantial portion of the declining loan volume was concentrated in commercial real estate lending, and is attributed to increased competition from financial institutions in the AAs.

There are no legal, financial or other factors impeding Huntington FSB’s ability to help meet the credit needs in its AAs. Huntington FSB received a "Satisfactory" rating on its March 2013 CRA Performance Evaluation.

## Description of Assessment Area(s)

### Huntington-Ashland, WV-KY-OH 25680 MSA (Huntington-Ashland MA)

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	6.38	27.66	53.19	12.77	0.00
Population by Geography	172,778	4.82	18.34	62.80	14.04	0.00
Owner-Occupied Housing by Geography	48,919	1.54	15.11	66.33	17.02	0.00
Business by Geography	10,406	4.07	25.00	54.21	16.72	0.00
Farms by Geography	272	1.84	8.46	70.96	18.75	0.00
Family Distribution by Income Level	45,763	22.71	17.83	20.16	39.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	18,551	4.58	25.45	60.34	9.63	0.00
Median Family Income		\$48,544	Median Housing Value			\$93,597
HUD Adjusted Median Family Income for 2013		\$50,800	Unemployment Rate			
Households Below Poverty Level		20%	(Nov. 2015 BLS)			5.3%(average)

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 U.S. Census; 2013 HUD updated MFI; and U.S. Bureau of Labor Statistics (BLS)

Cabell and Wayne County, located in southwestern West Virginia; and Lawrence County, Ohio are included in the Huntington-Ashland MA, which is a multi-state MSA. The AA includes all census tracts in Cabell and Wayne County in WV; and seven census tracts in southern Lawrence County in OH. This AA consists of three low-income census tracts, thirteen moderate-income tracts, twenty-five middle-income tracts, and six upper-income tracts. There are no designated distressed or underserved middle-income tracts in this AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas. Please refer to **Table 2** above for demographic data on the AA.

The Huntington-Ashland MA is located along the banks of the Ohio River within the Appalachian Plateau region. The area is most often referred to locally as the Tri-State region. The primary source of employment in this AA is derived through retail trade and the service sector, which includes government, education, health care, and social services.

Huntington, West Virginia is effectively a regional medical community. The two hospitals, St. Mary's Medical Center and Cabell-Huntington Hospital, are the largest employers. In addition, the Marshall University Medical School has a comprehensive cancer care center and is a distinguished leader nationwide for rural health care delivery. The Cabell County Board of Education, Marshall University, and University

Physicians and Surgeons, Inc. round out the top five employers in Cabell County. (Source: WV Department of Commerce, March 2015)

As of November 30, 2015, the unemployment rate for Cabell County was 4.2 percent, which was below the average for the State of West Virginia of 6.5 percent, and below the national average of 5.0 percent. (Source: U. S. Bureau of Labor Statistics)

Wayne County is the westernmost county in West Virginia. The abundant supply of coal, natural gas, and timber, and the crossroads of competing railroads was the catalyst for population growth and employment in this county. The area's largest employers are the Huntington VA Medical Center, Wayne County Board of Education, Rockspring Development, Inc., Wayne County Community Services Organization, Inc., and Alleward Sogefi U.S.A., Inc. (Source: WV Department of Commerce March 2015)

As of November 30, 2015, the unemployment rate for Wayne County was 5.8 percent, which was below the average for the State of West Virginia of 6.5 percent and somewhat above the national average of 5.0 percent. (Source: U. S. Bureau of Labor Statistics)

Additional housing information shows a high percentage of rental-occupied units in the AA. This is attributed to the need for temporary housing by college students attending Marshall University. The housing data from the 2010 U. S. Census reveals that 57 percent of the housing units in low-income census tracts are occupied rentals, with most of these rentals being single family units. In moderate-income census tracts, 38 percent of the housing is occupied rental units.

Information regarding credit needs in the Huntington-Ashland MA was obtained through the Department of Housing and Urban Development's (HUD) Office of Community Planning and Development. A Consolidated Plan for FY 2015 – FY 2019 submitted to HUD by the City of Huntington identified credit needs as rehabilitation of aging rental and owner-occupied housing, rental and homebuyer assistance for low- and moderate-income households, and the creation of more affordable housing, especially for persons with special needs, such as the handicapped. There are several organizations within the Huntington-Ashland MA focusing on affordable housing and support for low- and moderate-income individuals; however, new construction is a challenge due to the lack of land for development. Overall, there is limited community development lending, investment, and service opportunities in which the banks may participate.

Moody's Analytics, Inc., a leading independent provider of data, analysis, modeling and forecasting on national and regional economies, financial markets and credit risk, reported that house prices within the Huntington-Ashland MA are flat as demand for existing homes remains soft. However, multifamily building in 2015 has run well ahead of prior years' figures. Moody's analysis indicates the Huntington-Ashland MA's strengths include low cost of living, a good location with transportation linkages, and the presence of Marshall University, which anchors the economy. However, weaknesses

include weak population growth, a low-skilled labor force, and an above-average elderly population and high poverty rate that limits consumer spending.

The available demographic information for the Huntington-Ashland MA highlights important credit needs and community development opportunities and limitations. The family distribution by income level reported there were 22.90 percent of low-income families in the AA, and 45.19 percent of low-income families live below the poverty level. Given these statistics, the median housing values, and the median family income for the AA, a low-income individual would have difficulty qualifying for a home purchase loan. Therefore, the residential lending opportunities to low-income persons are limited.

The housing opportunities for moderate-income individuals are better, but constrained given the available housing stock and values and the median family income range of moderate-income persons. Most of this AA's census tracts, population, owner-occupied housing, and businesses are in middle-income census tracts. In addition, a high percentage of the AA's low- and moderate-income families, 60.34 percent, are in middle-income geographies. Therefore, the majority of the bank's lending opportunities are in middle-income census tracts.

## **COMMUNITY CONTACT**

We identified community development needs and opportunities for participation by conducting community contact interviews. We relied on a community contact conducted by an examiner of the OCC during the evaluation period. We conducted a community contact with a local non-profit affordable housing organization. The contact indicated that there was a need for financial institutions to participate in leading personal finance classes for low- and moderate-income first-time homebuyers.

**Putnam County AA in Charleston WV 16620 MSA  
(Charleston MA)**

TABLE 3 Demographic Information for Limited Scope Area: Charleston MA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	10	0.00	0.00	50.00	50.00	0.00
Population by Geography	55,486	0.00	0.00	52.43	47.57	0.00
Owner-Occupied Housing by Geography	18,022	0.00	0.00	51.04	48.96	0.00
Business by Geography	3,554	0.00	0.00	36.16	63.84	0.00
Farms by Geography	108	0.00	0.00	42.59	57.41	0.00
Family Distribution by Income Level	15,929	16.32	14.46	19.04	50.18	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	4,903	0.00	0.00	70.53	29.47	0.00
Median Family Income		\$53,382		Median Housing Value		\$138,081
HUD Adjusted Median Family Income for 2013		\$57,900		Unemployment Rate		
Households Below Poverty Level		10%		(Nov. 2015 BLS)		4.4%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 2010 US Census; 2013 HUD updated MFI; and U. S. Bureau of Labor Statistics (BLS)

The Charleston MA AA includes all census tracts in Putnam county. This AA consists of five middle-income tracts, and five upper-income tracts. There are no designated distressed or underserved middle-income tracts in this AA. This AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income areas. Please refer to **Table 3** above for demographic data on the AA.

The AA is located east of Cabell County, West Virginia and is part of the Charleston MA. The institution has one office located in this AA in an upper-income census tract. Putnam County is a rural to suburban area located halfway between the cities of Huntington and Charleston along Interstate 64. The area consists of many families who commute to either city for work.

This AA has a developed infrastructure and transportation network, which is critical for commercial and industrial development. Major transportation corridors within this region include a regional airport, rail transport, navigable waterways, and a four-lane highway system.

The largest employers in Putnam County are Putnam County Board of Education, Toyota Motor Manufacturing, West Virginia, Inc., Work Force, Inc., Charleston Area Medical Center, Inc., and Diamond Electric Manufacturing Corporation. (Source: WV Department of Commerce, March 2015)

As of November 30, 2015, the unemployment rate for Putnam County was 4.4 percent, which was well below the average for the State of West Virginia of 6.5 percent and below the national average of 5.0 percent. (Source: U. S. Bureau of Labor Statistics)

The available demographic information for Putnam County highlights the credit needs and community development opportunities and limitations. The family distribution by income level shows a lower percentage of low-income families in this AA – 16.32 percent with 50.07 percent of low-income families in this AA living below the poverty level. Given the County’s median housing values and median family income, a low-income individual would have difficulty qualifying for the purchase of a home in the County. Therefore, the residential lending opportunities to low income persons are limited.

Housing opportunities for moderate-income individuals are better but constrained given the available housing stock and values, and the median family income range of moderate-income persons. Most residential lending in this AA involves middle- and upper-income persons. In addition, greater than 50 percent of this AA’s census tracts, population, owner-occupied housing, and businesses are in middle-income census tracts. Therefore, the majority of the institution’s lending opportunities are in middle-income census tracts.

## **COMMUNITY CONTACT**

We identified community development needs and opportunities for participation by conducting community contact interviews. We relied on a community contact conducted by a Community Affairs Officer for the OCC during the evaluation period. The non-profit economic development organization revealed financial institutions have an opportunity to help some key development groups to develop the necessary capacity to provide critical services and hire people to provide the needed services to low-and-moderate income individuals.

## **Conclusions with Respect to Performance Tests**

The performance under the Lending Test is considered “Satisfactory.” The institution’s loan-to-deposit ratio is reasonable and a substantial majority of loans are originated inside the AAs. The institution’s borrower distribution reflects reasonable penetration among borrowers of different incomes. Geographic distribution reflects reasonable dispersion throughout the census tracts of different income levels. Huntington FSB has not received any CRA complaints during this evaluation period.

Huntington FSB’s rating is based on the institution’s performance in portions of the two MSAs in West Virginia. The distribution of loans by income level of the borrower received equal consideration with the distribution of loans by income level of the geography. Since the institution’s AAs and all of its branches are located in the West Virginia portion of the Huntington-Ashland MA and the Charleston MA, we will evaluate

the institution's ability to meet the credit needs in the counties of Cabell, Wayne, and Putnam in West Virginia and the southern portion of Lawrence County in Ohio.

## **LENDING TEST**

Overall lending levels reflect reasonable responsiveness to meeting AA credit needs.

### **Loan-to-Deposit Ratio**

Huntington FSB's quarterly average net loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and credit needs of the AAs. The institution's LTD ratio meets the standards for satisfactory performance. The bank's quarterly average loan-to-deposit ratio for the eleven consecutive quarters (March 31, 2013 to September 30, 2015) since the previous CRA Examination is 45.33 percent. The bank's quarterly LTD ratios ranged from a quarterly high of 45.86 percent at June 30, 2014 to a quarterly low of 45.04 percent at September 30, 2015.

Huntington FSB does not have similarly situated local competitor banks in the AAs to which we can compare its performance. The bank's competitors in the Huntington-Ashland MA and their respective average quarterly LTD ratios are City National Bank of West Virginia with 90.33 percent; First Sentry Bank, Inc., with 89.38 percent; The First State Bank with 86.88 percent; and Branch Banking & Trust Company with 84.33 percent. These four banks collectively hold 80 percent of the deposit market share in the Putnam County AA. These competitors have substantially greater resources and lending limits and offer certain services that Huntington FSB does not currently provide.

The main competitor in Putnam County, which is in the Charleston WV MSA is Putnam County NB with an average quarterly loan-to-deposit ratio of 68.33 percent. Other competitor banks in the AA and the respective average quarterly LTD ratios include City NB of WV with 90.33 percent, B B & T with 84.33 percent, and Rock Branch Community Bank with 82.19 percent. These four banks collectively hold 80 percent of the deposit market share in the AA.

### **Lending in Assessment Area**

The analysis in **Table 4** of the institution's lending inside and outside the AAs includes originations and purchases only and was performed at the institution level as opposed to the AA level.

Lending in the AA is reasonable with a substantial majority of loans originated within the AA. Cumulatively, a high percentage of home mortgage loans, 96.80 percent by number and 96.43 percent by dollar volume, was extended inside the institution's AAs. The distribution of loans inside the AAs indicates that the institution is serving the credit needs of its AA.

<b>Table 4 – Lending Bank-wide</b>										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$
Home Purchase	410	98.09	8	1.91	418	49,793	98.61	703	1.39	50,496
Home Refinance	355	94.16	22	5.84	377	43,465	92.96	3,291	7.04	46,756
Home Improvement	293	98.32	5	1.68	298	26,969	98.32	460	1.68	27,429
Totals	1,058	96.80	35	3.20	1,093	120,227	96.43	4,454	3.57	124,681

Source: Data reported in HMDA reports from January 1, 2012 through December 31, 2014.

### **Lending to Borrowers of Different Incomes and to Businesses of Different Sizes**

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. Huntington FSB's record of lending to borrowers of different incomes in the AAs meets the standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders.

Opportunities to lend to low- and moderate-income borrowers within the AAs were limited due to the competition among the financial institutions within the AAs and institution's market share within its two AAs. Only loans extended within the AAs are included in this analysis.

### **Huntington-Ashland MSA**

The distribution of loans among individuals of different income levels reflects reasonable penetration for this AA. Huntington FSB's record of lending to borrowers of different incomes meets the standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders for the AA.

Overall, the institution's percentage of home purchase loans to low- and moderate-income borrowers reflects reasonable penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home purchase loans made to low-income borrowers is significantly lower than the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2013. The institution's percentage of home purchase loans made to moderate-income borrowers is lower than the percentage of loans made to moderate-income borrowers in 2013 by the aggregate peer lenders. The bank's distribution of home purchase loans for 2014 is not inconsistent with the lending performance noted in 2012 through 2013.

Overall, the institution's percentage of home improvement loans to low- and moderate-income borrowers reflects excellent penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home improvement loans made to low-income borrowers is near to the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2013. The percentage of home improvement loans made to moderate-income borrowers exceeds the percentage of loans made in 2013 by the aggregate peer lenders. The bank's

distribution of home improvement loans for 2014 is not inconsistent with the performance noted in 2012 through 2013.

Overall, the institution's percentage of home refinance loans to low- and moderate-income borrowers reflects reasonable penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home refinance loans made to low-income borrowers is somewhat lower than the percentage of loans made to low-income borrowers by the 2013 aggregate peer lenders. The percentage of home refinance loans made to moderate-income borrowers is near to the percentage of loans made by the 2013 aggregate peer lenders. The bank's distribution of home refinance loans for 2014 was not inconsistent with the performance noted in 2012 through 2013.

**Table 5** below details the institution's performance for the period of January 1, 2012 through December 31, 2013 as compared to 2013 aggregate HMDA-reporting lenders.

<b>Table 5 - Borrower Distribution of Residential Real Estate Loans: Huntington-Ashland MSA</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	2013 Peer Aggregate %	Bank % of Number of Loans	2013 Peer Aggregate %	Bank % of Number of Loans	2013 Peer Aggregate %	Bank % of Number of Loans	2013 Peer Aggregate %	Bank % of Number of Loans
Home Purchase Loans	6.84	12.29	20.85	11.17	29.60	16.76	42.71	59.78
Home Improvement Loans	9.73	6.08	17.51	17.57	25.29	25.68	47.47	50.68
Refinance Loans	5.64	6.56	12.87	16.07	24.30	18.36	57.20	59.02

Source: Huntington FSB's HMDA data 1/1/2012 - 12/31/2013; 2013 Peer Mortgage Data (USPR)

### **Charleston MSA**

The distribution of loans among individuals of different income levels reflects reasonable penetration for this AA. Huntington FSB's record of lending to borrowers of different incomes meets the standard for satisfactory performance, when compared to the performance from aggregate HMDA-reporting lenders for the AA.

Overall, the institution's percentage of home purchase loans to low- and moderate-income borrowers reflects reasonable penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home purchase loans made to low-income borrowers is significantly below the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2013. The institution's percentage of home purchase loans made to moderate-income borrowers is somewhat lower than the percentage of loans made to moderate-income borrowers in

2013 by the aggregate peer lenders. The bank's distribution of home purchase loans for 2014 is not inconsistent with the lending performance noted in 2012 through 2013.

Overall, the institution's percentage of home improvement loans to low- and moderate-income borrowers reflects reasonable penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home improvement loans made to low-income borrowers exceeds the percentage of loans made to low-income borrowers by the aggregate peer lenders in 2013. The percentage of home improvement loans made to moderate-income borrowers is significantly below the percentage of loans made in 2013 by the aggregate peer lenders. The bank's distribution of home improvement loans for 2014 is not inconsistent with the lending performance noted in 2012 through 2013.

Overall, the institution's percentage of home refinance loans to low- and moderate-income borrowers reflects reasonable penetration when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home refinance loans made to low-income borrowers exceeds the percentage of loans made to low-income borrowers by the 2013 aggregate peer lenders. The percentage of home refinance loans made to moderate-income borrowers is somewhat lower than the percentage of loans made by the 2013 aggregate peer lenders. The bank's distribution of home refinance loans for 2014 is not inconsistent with the lending performance noted in 2012 through 2013.

The analysis of HMDA loans in this AA reflects reasonable distribution among borrowers of different income levels. The institution originated only 40 of the 1,058 HMDA loans in the Charleston MSA AA during the evaluation period. Similar to the Huntington MSA AA, the institution's HMDA loans are concentrated to upper-income borrowers. Huntington FSB did not originate any home purchase loans to low-income borrowers and the bank did not originate any home improvement mortgage loans to moderate-income borrowers in the evaluation period, which does not compare well with the HMDA aggregate data. It is important to note that low-income families would experience difficulty qualifying for a home loan or supporting a monthly payment, especially in this AA where the 2010 U. S. Census shows the median home value is \$138,081. In addition, according to the 2010 U. S. Census data, 49.66 percent of low-income families in the AA are living below the poverty level.

However, the institution's percentage of home mortgage refinance loans to low-income borrowers exceeds the aggregate data's distribution and the percentage of home mortgage refinance loans to moderate-income borrowers is somewhat lower than the aggregate data's distribution. Lower interest rates during the evaluation period may be the leading contributor for the number of refinanced mortgage loans in the AA. Borrowers took advantage of the low interest rates during the evaluation period to refinance their existing mortgage loans.

**Table 6** details the institution's performance for the evaluation period as compared to 2013 aggregate HMDA-reporting lenders.

<b>Table 6 - Borrower Distribution of Residential Real Estate Loans: Putnam County AA in Charleston M A</b>								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	2013 Peer Aggregate %	Bank % of Number of Loans						
Home Purchase Loans	5.50	0.00	17.65	14.29	26.22	28.57	50.63	57.14
Home Improvement Loans	9.04	11.11	15.82	0.00	19.77	33.33	55.37	55.56
Refinance Loans	4.43	8.33	10.05	8.33	25.84	33.33	59.68	50.00

Source: Huntington FSB's HMDA data 1/1/2012 - 12/31/2013; 2013 Peer Mortgage Data (USPR)

### **Geographic Distribution of Loans**

The geographic distribution of loans reflects reasonable dispersion throughout census tracts of different income levels, when compared to the performance from aggregate HMDA-reporting lenders. Only loans extended within the AAs during the evaluation period are included in this analysis. Huntington FSB's performance meets the standard for satisfactory performance. There were no conspicuous gaps identified within Huntington FSB's AAs.

Overall home mortgage loans in the AAs showed reasonable loan penetration in low- and moderate-income geographies. Other limiting factors considered were the number of households below the poverty level in each AA, and the percentage of households in each AA that lived on fixed income, either social security, retirement, or public assistance.

### **Huntington-Ashland MSA**

Overall, the institution's percentage of home purchase loans in low- and moderate-income geographies reflects excellent dispersion when compared to the performance from aggregate HMDA-reporting lenders. The institution's percentage of home purchase loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The percentage of home purchase loans made in moderate-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The bank's geographic distribution of home purchase loans for 2014 was not inconsistent with its geographic distribution of these loans in 2012 through 2013.

Overall, the institution’s percentage of home purchase loans in low- and moderate-income geographies reflects excellent dispersion when compared to the performance from aggregate HMDA-reporting lenders. The institution’s percentage of home-improvement loans made in low-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The percentage of home improvement loans made in moderate-income geographies exceeds the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The bank’s geographic distribution of home improvement loans for 2014 was not inconsistent with its geographic distribution of these loans in 2012 through 2013.

Overall, the institution’s percentage of home purchase loans in low- and moderate-income geographies reflects reasonable dispersion when compared to the performance from aggregate HMDA-reporting lenders. The institution’s percentage of home mortgage refinance loans made in low-income geographies is near to the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The percentage of home mortgage refinance loans made in moderate-income geographies is near to the percentage of home purchase loans made in low-income geographies by the aggregate peer lenders in 2013. The bank’s geographic distribution of home refinance loans for 2014 was not inconsistent with its geographic distribution of these loans in 2012 through 2013.

**Table 7** details the institution’s performance for the evaluation period as compared to 2013 aggregate HMDA-reporting lenders.

<b>Table 7 - Geographic Distribution of Residential Real Estate Loans: Huntington-Ashland MSA</b>								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	2013 Peer Aggregate	Bank % of Number of Loans	2013 Peer Aggregate	Bank % of Number of Loans	2013 Peer Aggregate	Bank % of Number of Loans	2013 Peer Aggregate	Bank % of Number of Loans
Home Purchase	1.45	2.43	11.53	12.62	67.17	64.56	19.85	20.39
Home Improvement	1.25	3.05	10.78	15.24	75.19	60.98	12.78	20.73
Home Refinance	1.36	0.91	9.64	9.55	69.57	61.82	19.43	27.73

Source: Huntington FSB’s HMDA data 1/1/2012 - 12/31/2013; 2013 Peer Mortgage Data (USPR)

**Responses to Complaints**

Huntington FSB did not receive any complaints regarding its CRA performance during this review period. This has a neutral impact on the overall CRA rating.

## **COMMUNITY DEVELOPMENT TEST**

The Community Development test is rated Satisfactory. Huntington FSB's community development activities demonstrate adequate responsiveness to the Community Development needs of its AAs, when considering the bank's capacity, its performance context, and the availability of community development opportunities in the bank's AAs.

### **Huntington-Ashland MSA AA**

#### **Number and Amount of Community Development Loans**

The bank continues to participate in the Cabell-Huntington-Wayne Housing Consortium Program managed by the City of Huntington. This program targets low- and moderate-income (LMI) first time homebuyers. Federal HOME funds provide down payment assistance after qualified participants complete a home purchase and maintenance program. Huntington FSB provides the first mortgage loan utilizing flexible underwriting criteria. During the review period, Huntington FSB granted sixteen loans with a total amount of \$755 thousand under this program.

#### **Number and Amount of Qualified Investments**

Huntington FSB, along with eight other local institutions, supports a letter of credit used to enhance a \$3.5 million tax-free bond issue for the Huntington YMCA. The bond consolidated existing debt and funded expansion of the YMCA's facilities adjoining a LMI neighborhood. The expanded facilities are located in a former high school converted into 42 residential units for low-income seniors. The bond also funded expansion of recreation, day care and other services that benefit LMI individuals, families, and geographies. Huntington FSB's commitment is \$299 thousand.

The Bank participated in the Affordable Housing Program to secure a grant in the amount of \$253 thousand from Pittsburgh FHLB to repair and renovate Simms School Elderly Apartments, which are located in a certified redevelopment area of Huntington. The property received project based Section 8 housing assistance. The project maintains an average 97 - 100 percent occupancy rate. Gross rents, including a \$97 a month utility allowance, are capped at \$398 per month.

In July 2014, the Bank donated Other Real Estate Owned property at 2224 9th Avenue, Huntington, WV to the Huntington WV Housing Authority. This property was appraised for \$23 thousand. The Housing Authority is in the process of renovating the property.

The bank gave one thousand (\$1,000) to Communities in Schools in Cabell County, WV. The organization's mission is to provide food, school supplies, health care, counseling, and academic assistance to help at-risk students stay in school.

The Bank gave one thousand (\$1,000) to CONTACT of Huntington. This organization is one of 9 rape crisis centers in the state of WV. Contact Huntington is a program to address sexual violence, stalking and dating violence.

### **Extent to Which the Bank Provides Community Development Services**

The president is an active member of the Huntington Area Development Council. These organizations provide economic development and affordable housing and/or social services in the AA. One bank officer provides financial and lending expertise through membership in community service organizations that provide food, clothing, and temporary housing assistance to low- and moderate-income families in the Huntington area. A second bank officer provides lending expertise as a board member on a community service organization that promotes economic development in the AA. Huntington FSB also works with Consumer Credit Counseling Service, a division of Goodwill, which provides counseling services at a very low cost to the consumer.

### **Putnam County AA in Charleston MSA**

Huntington FSB had a limited presence in this AA and did not have any community development activity during the review period. The response to the needs of LMI populations through residential lending was appropriate. As such, the lack of community development activity does not adversely affect the institution's rating.

Opportunities to make community development loans, qualified investments, and community development services in this AA are limited. Since the county is rural to suburban, there are very few non-profit housing organizations, small business development centers, or non-profit organizations that provide social services to low- and moderate-income individuals. Such organizations are available; however, in the nearby cities of Huntington and Charleston and may provide such services in portions of Putnam County. The competition to participate in the limited CRA activities available is high since several other financial institutions with more resources in terms of assets, income, and employees, have a presence in the AA.

### **Responsiveness to Community Development Needs**

Huntington FSB's community development activities, as a whole, demonstrate adequate responsiveness to the community development needs of its AAs, when considering the bank's capacity, its performance context, and the availability of community development opportunities in the institution's AAs.

## **Fair Lending or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 195.28(c), in determining a national bank's (bank) or Federal savings association's (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any assessment area by an affiliate whose loans have been considered as part of the bank's or FSA's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.