



Office of the  
Comptroller of the Currency  
Washington, DC 20219

# INTERMEDIATE SMALL BANK

## PUBLIC DISCLOSURE

January 7, 2019

## COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Huntington Federal Savings Bank  
Charter Number 700470

1049 Fifth Avenue  
Huntington, West Virginia 25701

Office of the Comptroller of the Currency  
Roanoke Field Office  
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**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, and should not 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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## **Overall CRA Rating: Satisfactory**

**Lending Test: Satisfactory**

**Community Development Test: Satisfactory**

The major factors that support this rating include:

- Huntington Federal Savings Bank's (HFSB) average loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of the loans originated during the evaluation period were inside the Bank's assessment area (AA).
- The distribution of borrowers, given the demographics of the AA, 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 AA.
- HFSB's community development (CD) activities demonstrate adequate responsiveness to the credit needs of its AA through CD loans, qualified donations/investments, and services when considering the Bank's capacity, performance context, and the availability of CD opportunities.

## **Definitions and Common Abbreviations**

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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 (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division (MD):** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area (MSA):** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

**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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Huntington Federal Savings Bank (hereinafter referred to as HFSB) was established in 1929 as a federally-chartered, mutual thrift institution headquartered in Huntington, West Virginia. HFSB had total assets of \$536 million as of September 30, 2018. HFSB is an intrastate institution with five office locations and five automated teller machines (ATMs) serving five counties in West Virginia (Cabell, Putnam, and Wayne) and seven census tracts (CTs) in southern Lawrence County, Ohio. HFSB's main office and two branches are located in Cabell County with one additional branch each in Wayne and Putnam Counties.

The main office is located in a low-income geography in Cabell County. The Huntington Mall branch is located in an upper-income geography and the East Hills branch is located in a middle-income geography in Cabell County. The Camden Road branch is located in a moderate-income geography in Wayne County. The Putnam Village branch is located in an upper-income geography in Putnam County. The bank did not open any new branches or closed any existing branch since the previous evaluation.

HFSB offers a variety of deposit and loan products to meet consumer, mortgage, and business banking needs. Banking services are standard, with the addition of 24-hour telephone banking, on-line banking and bill payment services, and mobile banking. HFSB operates five full service offices with traditional business hours. Each full-service office offers traditional deposit and loan products and services. Drive-up banking window facilities are available at the main office and three branches, and anytime ATM service is available at all locations. HFSB's website (<http://www.huntingtonfederal.com>) contains detailed information regarding products and services for both consumers and businesses, bank locations, and hours of operation.

**Table 1** below lists HFSB's branch locations, geographic income classification, and hours of operation as of January 7, 2019.

Table 1 – Huntington FSB Branch Locations* January 7, 2019				
Branch (City)	County	Geographic Income Level	Lobby Hours	Drive Thru and Walk-up Hours
Main Office (Huntington)	Cabell	Low	Mon-Thurs 9AM to 3PM Fri 9AM to 5PM Sat Closed	Mon-Fri 8AM to 6PM Sat 8AM to 3PM
East Hills (Huntington)	Cabell	Middle	Mon-Thurs 9AM to 5PM Fri 9AM to 6PM Sat CLOSED	Mon-Fri 8AM to 6PM Sat 8AM to Noon
Camden Road (Huntington)	Cabell	Moderate	Mon-Thurs 8AM to 4PM Fri 9AM to 6PM Sat CLOSED	Mon-Thurs 9AM to 4PM Fri 9AM to 6PM Sat CLOSED
Huntington Mall (Barboursville)	Cabell	Upper	Mon-Thurs 9AM to 4PM Fri 9AM to 7 PM Sat 9AM to 1PM	No drive-thru
Putnam Village (Teays)	Putnam	Upper	Mon-Thurs 9AM to 4PM Fri 9AM to 6 PM Sat CLOSED	Mon-Thurs 9AM to 4PM Fri 9AM to 6 PM Sat CLOSED

\*Data obtained from HCSB's branch hours of operation listed at the Bank's website: [www.huntingtonbank.com](http://www.huntingtonbank.com).



HFSB’s primary focus is on retail banking and attracts deposits from the public through its branch network. HFSB 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 AA. A review of the June 30, 2018, Federal Deposit Insurance Corporation (FDIC) Summary of Deposits Market Share Report for Cabell, Putnam, and Wayne County, West Virginia and Lawrence County, Ohio within the Huntington Metropolitan Area (MA), indicated there are 75 offices of FDIC-insured institutions, representing 21 institutions varying in asset sizes. HFSB ranked sixth with a deposit market share of 10.49 percent. The top institutions and their respective deposit market share percentages were WesBanco Bank, Inc. with 13.48 percent; Putnam County Bank with 12.06 percent; City National Bank of West Virginia with 11.89 percent; JP Morgan Chase, National Association with 10.92 percent; and Branch Banking & Trust Company with 10.69 percent. Huntington FSB’s deposit market share ranking declined from 10.78 percent (fourth place) as of June 30, 2017 to sixth place as of June 30, 2018 due to the merger of WesBanco and First Sentry. As of September 30, 2018, Tier 1 Capital was \$89 million; Tier 1 Risk-Based Capital to Risk-weighted Assets equaled 50.06 percent; and Tier 1 Leverage Capital equaled 16.64 percent.

HFSB’s gross loans as of September 30, 2018 totaled \$221 million, or 41.23 percent of total assets. Total deposits were \$446 million or 83.21 percent of total assets. Table 2 below depicts the loan portfolio by loan product as of September 30, 2018.

Table 2 – Distribution of Loan Portfolio*		
TYPE OF LOAN	Balance Outstanding (000’s)	% of Total Loans
1 -4 Family Residential	189,150	85.78
Multi-family Residential	16,991	7.71
Non –Farm/Non-Residential	9,731	4.41
Construction & Land Development	3,767	1.71
Loans to Individuals	986	0.45
Commercial and Industrial	0	0.00
Other	74	0.03
Total Gross Loans	220,699	100.09
Less unearned income on loans	(199)	(0.09)
Total loans held for investment	220,500	100.00

\*Data obtained from Consolidated Reports of Condition and Income for a bank with Domestic Offices Only - FFIEC 041 as of September 30, 2018.

HFSB experienced moderate increasing loan volume during the evaluation period with gross loans increasing 5.50 percent since the prior CRA Evaluation. A substantial portion of the increasing loan volume was concentrated in 1– 4 family residential real estate lending.

There are no legal, financial or other factors impeding HFSB’s ability to help meet the credit needs in its AAs. HFSB received a “Satisfactory” rating on its January 4, 2016 CRA Performance Evaluation.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

We evaluated HFSB using the Intermediate Small Bank examination procedures, which include a lending and 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, 2015 through December 31, 2017. The evaluation period for the CD test is January 4, 2016 through December 31, 2017. As the institution's business strategy and lending products did not significantly change since the prior evaluation, we concluded that this period was representative of the bank's performance.

The bank's primary loan product, based on originations during the evaluation period, is residential mortgages. HFSB originated 674 mortgage loans during the evaluation period. We excluded business loans, and small loans to farms because HFSB made a minimal number of these loans. Demographic information was extracted from the 2010 and 2015 Census data, and peer data was taken from 2016 and 2017 aggregate HMDA information for HMDA reporting financial institutions that reported lending activity within the AAs.

### **Data Integrity**

The bank reports data under the requirements of the Home Mortgage Disclosure Act (HMDA). Prior to this evaluation, we tested the accuracy of the institution's HMDA data during a data integrity (DI) examination performed in December 2017. Our purpose was to validate the accuracy of the bank's HMDA data for the time period of January 1, 2015 through December 31, 2017. At that time, we determined the HMDA data was unreliable because we found errors in the HMDA data in excess of the tolerance levels of 5 percent for a key field and 10 percent for all fields in the sample. Bank management scrubbed the loan data to correct the errors. Subsequent to the notification and data scrub, HFSB took corrective actions to ensure the data was accurate and reliable. We performed a second DI Examination in January 2019 to validate the corrections and determined the HMDA data was accurate and reliable for the time period stated above. Therefore, we utilized the HMDA data from January 1, 2015 through December 31, 2017 for this evaluation.

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

### **Selection of Areas for Full-Scope Review**

The bank's one AA within the Huntington-Ashland, WV-KY-OH 25860 MSA (*Huntington AA*) received a full scope review in this evaluation period.

### **Ratings**

The bank's overall rating is an evaluation of HFSB's lending performance in the *Huntington AA*.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that HFSB engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## **Conclusions with Respect to Performance Criteria**

HFSB's performance test conclusion is based on the full-scope review of the bank's AA.

### **LENDING TEST**

The bank's performance under the lending test is satisfactory. The LTD is reasonable and a substantial majority of loans originated inside the bank's AA. The record of lending to borrowers of different income levels reflects reasonable distribution in the AA. The geographic distribution of loans reflects reasonable distribution in the AA. We weighted the 2015 and 2016 years more heavily as the bank had more activity during this period. We reviewed 2017 activities and concluded that this activity was consistent with performance from the previous two years. Data for all periods under consideration are contained within this Performance Evaluation (PE), with only the aggregate 2016 data shown in the open section of the PE. The 2017 data is contained within the appendix section.

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

HFSB's quarterly average net LTD ratio is reasonable given the institution's size, financial condition, and credit needs of the AA. The institution's LTD ratio meets the standards for satisfactory performance. The bank's quarterly average loan-to-deposit ratio for the fifteen consecutive quarters (March 31, 2015 to September 30, 2018) since the previous CRA Examination is 45.65 percent. The bank's quarterly average LTD ratios ranged from a quarterly high of 49.07 percent at September 30, 2018 to a quarterly low of 43.36 percent at June 30, 2016. This is below the quarterly average net LTD ratio of 78.96 percent for local competitor banks in the AA during the same period. However, the difference is reasonable considering the bank's performance context. The LTD for competitor banks ranged from an average low of 52.84 percent to an average high of 91.03 percent over the same period.

HFSB does not have similarly situated local competitor banks in the AA to which we can compare its performance. The bank's competitors in the Huntington MA and their respective average quarterly LTD ratios were City National Bank of West Virginia (City) with 91.03 percent; WesBanco Bank, Inc. (WBI) with 85.37 percent; Branch Banking & Trust Company (BB&T) with 84.54 percent; Putnam County Bank (PCB) with 74.64 percent; and JP Morgan Chase Bank, National Association (Chase) with 52.84 percent. These banks collectively hold 59.04 percent of the deposit market share in the *Huntington AA*. These competitors have substantially greater resources and lending limits and offer banking services that HFSB does not provide.

## Lending in Assessment Area

The analysis in **Table 3** of the institution's lending inside and outside the AA includes originations and purchases only and was performed calculated on a bank-wide basis.

Lending in the AA is reasonable with a substantial majority of loans originated within the AA. Cumulatively, a high percentage of home mortgage loans, 98.39 percent by number and 98.25 percent by dollar volume, was extended inside the institution's AA. The distribution of loans inside the AA indicates that the institution is serving the credit needs of its AA.

Table 3 – Lending in the Huntington AA										
Home Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Purchase	272	98.91	3	1.09	275	40,908	99.14	353	0.86	41,261
Refinance	250	98.04	5	1.96	255	33,586	96.87	1,084	3.13	34,670
Improvement	152	98.06	3	1.94	155	18,963	98.83	225	1.17	19,188
<b>Totals</b>	<b>674</b>	<b>98.39</b>	<b>11</b>	<b>1.61</b>	<b>685</b>	<b>93,457</b>	<b>98.25</b>	<b>1,662</b>	<b>1.75</b>	<b>95,119</b>

Source: Huntington FSB's HMDA-reported data from January 1, 2015 – December 31, 2017.

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

HFSB's lending throughout its AA shows there is reasonable distribution to borrowers of different income levels. The distribution of home mortgage loans among borrowers of different incomes in 2017 is consistent with the distribution in 2015 and 2016.

We compared the bank's level of lending to the percent of families by income level category and to the percent of aggregate HMDA reportable loans. Lending to low-income families is well below the percent of families in the AA. However, the bank's lending exceeds the aggregate HMDA Peer Group lending considering its performance context. Lending to low-income families is limited due to demographic constraints in the AA. The median housing value was \$103,585 per the 2010 census data. The median family income was \$56,900 for the AA, which means the maximum income for low-income families (as defined as less than 50.00 percent of the area median family income) is \$28,450. Therefore, low-income borrowers may have difficulty qualifying for home mortgages. Additionally, approximately 18 percent of the AA is below poverty level and 5.20 percent are unemployed. Peer banks display similar difficulties with lending to low-income families.

The percent of home mortgages made to moderate-income borrowers exceeds the percentage of aggregate lending data and the percent of those families in the moderate-income geographies in the AA.

Table 4 - Borrower Distribution of Residential Real Estate Loans in the Huntington AA								
Income Level	Low		Moderate		Middle		Upper	
Loan Type	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans
Home Mortgages	5.25	6.14	15.52	18.43	22.15	20.39	48.06	50.12
% of AA Families	21.08		16.99		20.00		41.93	

Source: Huntington FSB’s HMDA-reported data from January 1, 2015 to December 31, 2016; HMDA Peer Group data for Year 2016; and 2010 U.S. Census data. See Appendix C for tables reflecting 2017 performance.

### Geographic Distribution of Loans

HFSB’s geographic distribution of mortgage lending reflects a reasonable distribution of loans to different income tracts throughout its AA. The distribution of loans among different census tract income levels in 2017 is consistent with the distribution in 2015 and 2016.

The analysis reflects lending in most tracts and is in line with peer lending. The AA includes 4 low-income CTs and 12 moderate-income CTs, which total 28 percent of the total CTs in the HFSB’s AA. We compared the bank’s lending in low- and moderate-income CTs to aggregate HMDA loans in those CTs, as well as to the percent of owner occupied housing units (OOHUs) in each income tract category. Low- and moderate-income (LMI) tracts consist of a large number of rental and vacant units and have a lower volume of OOHUs. The percent of loans originated in the low-income CTs exceeded the low-income aggregate peer lending data percentage and the percentage of OOHUs, considering the performance context. The small number of low-income CTs in the AA generates few lending opportunities as evidenced by the low aggregate lending percentages. The level of lending in moderate-income CTs is within a reasonable range below the aggregate peer lending data percentage and the percent of OOHU distribution in 2015 and 2016 despite economic constraints in the AA.

Table 5 - Geographic Distribution of Residential Real Estate Loans in the Huntington AA								
Income Level	Low		Moderate		Middle		Upper	
Loan type	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans	2015-2016 Aggregate Lending	% of Number of Loans
Home Mortgages	1.79	2.70	12.51	7.86	45.25	63.64	40.14	25.80
% of AA Owner Occupied Housing	1.83		10.33		58.93		28.90	

Source: HFSB’s HMDA reported data from January 1, 2015 to December 31, 2016, 2016 HMDA Peer Group data, and 2010 U.S. Census data. See Appendix C for tables reflecting 2017 performance.

### Responses to Complaints

There were no CRA complaints received by the bank or the agency since the prior examination regarding performance in meeting the credit needs of Huntington’s established AA.

## **COMMUNITY DEVELOPMENT TEST**

The CD test is Satisfactory. HFSB's CD activities demonstrate adequate responsiveness to the CD needs of its AA, when considering the bank's capacity, performance context, and the availability of CD opportunities in the bank's AA.

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

The bank originated a loan in the amount of \$620 thousand to Ironton-Lawrence Community Action Organization, Inc., to refinance a lien on subject property held by the Storm Creek Apartments LP. The property is a 50-unit apartment complex in Ironton, Ohio and is located in a moderate-income census tract that is adjacent to the bank's AA. The borrower organization sponsors and administers several programs and services in Lawrence County, including housing for low-income individuals.

The bank continues to participate in the Cabell-Huntington-Wayne Housing Consortium Program managed by the City of Huntington. This program targets LMI first time homebuyers. Federal HOME funds provide down payment assistance after qualified participants complete a home purchase and maintenance program. HFSB provides the first mortgage loan utilizing flexible underwriting criteria. During the review period, HFSB granted six loans with a total amount of \$383 thousand under this program.

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

HFSB, along with seven other local institutions, supports a letter of credit (LOC) 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 an 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. The LOC is renewed annually by JP Morgan Chase Bank. HFSB's commitment is \$274 thousand annually for the evaluation period.

In February 2016, the Bank donated Other Real Estate Owned (OREO) property at 333 Olive Street, Huntington, West Virginia to the Huntington, West Virginia Housing Authority. This property was appraised for approximately \$5 thousand. The Housing Authority is in the process of renovating the property.

The Bank gave \$3,500 to Cabell-Huntington Coalition for the Homeless ("Coalition") and its affiliate, Harmony House. The Coalition coordinates and enhances partnerships and services between and among social service/health organizations interested in serving LMI individuals and families at risk of homelessness, providing long and short term housing options. Harmony House operates two housing assistance programs - Rapid Rehousing and the CABHI Supportive Housing Program. Rapid Rehousing grant funds pay the first month's rent and damage deposit, while providing ongoing supportive services for up to six months. CABHI Supportive Housing Program works specifically with clients who have been chronically homeless, meaning they have experienced homelessness multiple times in their lives. Many also have a mental illness or substance use disorder that has contributed or continues to contribute to their homelessness. The

intense support includes a peer mentor and housing navigator to ensure each client gets the full care they need to become housed and stay housed. The Bank received Neighborhood Improvement Program tax credits of \$250 for this contribution.

The Bank gave \$1,000 to CONTACT 24-Hour Rape Crisis Center (CONTACT) of Huntington. This organization is one of nine rape crisis centers in West Virginia. CONTACT is a program to address sexual violence, stalking and dating violence.

The Bank gave \$500 to Trinity Episcopal Church. This organization provides community services to LMI individuals through its food and clothing pantry, CONTACT, Habitat for Humanity, Marshall Medical Outreach, and River City Ministries.

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

Bank President, Matthew M. Wagner, is an active member of the Huntington Area Development Council and Advantage Valley, Inc. 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 LMI 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.

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

HFSB's CD activities, as a whole, demonstrate adequate responsiveness to the CD needs of its AA, when considering the bank's capacity, performance context, and the availability of CD opportunities in the institution's AA.



## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered.

<b>Time Period Reviewed</b>	Lending Test (excludes CD loans): January 1, 2015 to December 31, 2017 Investment and Service Tests and CD Loans	
	January 4, 2015 to December 31, 2017	
<b>Financial Institution</b>		<b>Products Reviewed</b>
Huntington Federal Savings Bank, (HFSB) Huntington, West Virginia		Residential Mortgage Loan
<b>Affiliate(s)</b>		<b>Products Reviewed</b>
None		n/a
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
State of West Virginia <i>Huntington AA</i>	Full Scope	The AA lies within the Huntington-Ashland, WV-KY-OH Multi-state MSA and consists of all census tracts in Cabell, Putnam, and Wayne Counties in WV; and seven census tracts in southern Lawrence County in Ohio. See Appendix B for more information.

## Appendix B: Community Profiles for Full-Scope Areas

### Huntington AA

Demographic Information for Full-Scope Area: <i>Huntington AA</i>					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	57	7.02	21.05	50.88	21.05
Population by Geography	228,264	4.54	12.99	57.01	25.46
Owner-Occupied Housing by Geography	66,941	1.83	10.33	58.93	28.90
Businesses by Geography	10,224	4.31	18.61	45.76	31.32
Farms by Geography	255	0.78	7.45	56.08	35.69
Family Distribution by Income Level	61,692	21.08	16.99	20.00	41.93
Distribution of Low- and Moderate-Income Families throughout AA Geographies	23,485	5.23	18.88	59.98	15.90
Median Family Income		\$49,772			
FFIEC Adjusted Median Family Income for 2016		\$56,900	Median Housing Value		\$103,585
Households Below the Poverty Level		18%	Unemployment Rate		5.20%

\*The NA category consists of geographies that have not been assigned an income classification.

Source: 2010 U.S. Census, and 2016 HUD updated MFI.

\*\*December 2017 Bureau of Labor and Statistics

Cabell, Putnam, and Wayne County, located in southwestern West Virginia; and Lawrence County, Ohio are included in the *Huntington MA*, which is within the Huntington-Ashland, WV-KY-OH multi-state MSA. The AA includes all census tracts in Cabell, Putnam, and Wayne Counties in West Virginia; and seven census tracts in southern Lawrence County in Ohio. This AA consists of four low-income census tracts, twelve moderate-income tracts, twenty-nine middle-income tracts, and twelve upper-income tracts, according to the 2010 U. S. Census.

Due to census changes with the 2015 American Community Survey, the AA for Year 2017 consisted of five low-income census tracts, 11 moderate income tracts, 26 middle-income tracts, 14 upper-income tracts, and unidentified 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 LMI areas.

The *Huntington AA* is located along the banks of the Ohio River within the Appalachian Plateau region. This AA has a developed infrastructure and transportation network, which is critical for commercial and industrial development. Major transportation corridors within this area include a regional airport, rail transport, navigable waterways, and a four-lane highway system.

The primary source of employment in the AA is 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, King's Daughters Medical Center and Cabell Huntington Hospital, are the area's 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. St. Mary's Medical Center, Marshall University, and Marathon round out the top five employers in Cabell County.<sup>1</sup>

As of December 31, 2017, the unemployment<sup>2</sup> rate for Cabell County was 4.5 percent, which was below the average for the state of West Virginia of 5.4 percent, and above the national average of 4.1 percent.

Putnam County, located east of Cabell County, West Virginia, is a rural to suburban area situated halfway between the cities of Huntington and Charleston along Interstate 64. The area consists of many families who commute to either city for work.

The largest employers<sup>3</sup> in Putnam County are Putnam County Board of Education, Toyota Motor Manufacturing, West Virginia, Inc., Appalachian Power Company, Manpower of West Virginia, Inc., and Charleston Area Medical Center, Inc.

As of December 31, 2017, the unemployment<sup>2</sup> rate for Putnam County was 4.8 percent, which was below the average for the state of West Virginia (5.4 percent) and above the national average of 4.1 percent.

Wayne County is the westernmost county in West Virginia. The area's largest employers<sup>3</sup> are the United States Department of Veterans Affairs, Wayne County Board of Education, Alleward Sogefi U.S.A, Inc., Diversified Assessment and Therapy Services, LLC, and Wayne County Community Services Organization, Inc.

As of December 31, 2017, the unemployment<sup>2</sup> rate for Wayne County was 5.8 percent, which was above the average for the state of West Virginia of 5.4 percent and well above the national average of 4.1 percent.

Lawrence County, Ohio, the southernmost county in the state of Ohio, is included in the Huntington-Ashland, WV-KY-OH MSA. The bank included seven, middle-income census tracts in this adjacent county in its AA since 2013 due to the volume of loan originations in this county. The county's largest employment<sup>4</sup> sectors are wholesale/retail trade and government. The largest employers in this county are Ironton City Schools, Jo-Lin Health Center, Lawrence County Government, and Leibert Corporation.

As of December 31, 2017, the unemployment<sup>2</sup> rate for Lawrence County was 5.3 percent, which was above the average for the state of Ohio of 4.9 percent and well above the national average of 4.1 percent.

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<sup>1</sup> Source: Huntington Area Development Council, 2017

<sup>2</sup> Source: U. S. Bureau of Labor Statistics, 2017

<sup>3</sup> Source: West Virginia Department of Commerce, 2017

<sup>4</sup> Ohio Development Service Agency, Office of Research, 2017

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 in its December 2018 Report that house prices within the *Huntington AA* have fallen as demand for existing homes is waning due to weak income growth. Sales have fallen and price appreciation is 2.5 percentage points below West Virginia's average. Moody's analysis indicates the *Huntington MA*'s strengths include low cost of living, a good location with transportation linkages, the presence of Marshall University, which anchors the economy, and below-average employment volatility. However, weaknesses include exposure to declining coal industry, low-skilled and low-paid workforce, few high-tech jobs, out-migration and declining population, and an above-average elderly population that limits consumer spending.

The housing opportunities for LMI individuals are constrained given the available housing stock and values and the median family income range of LMI persons. Approximately 50 percent of the census tracts, 57 percent of the population, 59 percent of owner-occupied housing units, and 46 percent of businesses are in middle-income census tracts. In addition, 39 percent of the *AA*'s LMI families are in middle-income geographies. Therefore, the majority of the bank's lending opportunities are in middle-income census tracts.

Additional housing information reflects 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 52 percent of the housing units in low-income census tracts are occupied rentals, the majority of which are single-family units. In moderate-income census tracts, 38 percent of the housing is occupied rental units.

## **COMMUNITY CONTACTS**

We reached out to a local community contact for an assessment of the local market area and the community development needs that are most needed for LMI and at-risk communities. We reviewed two community contacts conducted by the OCC; and one community contact conducted by the FDIC during the evaluation period. The OCC community contacts were a local non-profit affordable housing organization and an economic development organization, both located in Huntington, West Virginia. The contacts indicated a need for affordable housing for LMI borrowers, financing to rehabilitate or remove older housing stock in the area, and provide resources for small business incubators. The FDIC community contact was a real estate agency in Kanawha County, which serves Kanawha, Putnam, and Cabell counties in West Virginia. The real estate agency stated that customers were looking for long-term, fixed-rate loans, which local community banks were more willing to offer than the larger financial institutions in the area. When asking about the performance of local financial institutions, the contacts stated community banks in the area have a positive image in the community.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column. Tables without data are not included in this PE.

The following is a listing and brief description of the tables (*Tables below reflect 2017 performance only, unless otherwise noted*):

**Table 4a. Borrower Distribution of Residential Real Estate Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.

**Table 5a. Geographic Distribution of Residential Real Estate Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

Table 4a - Borrower Distribution of Residential Real Estate Loans in Huntington AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans
Home Mortgages	6.10	5.99	17.55	13.11	23.78	15.73	46.56	61.05
% of AA Families	21.58		16.13		19.95		42.34	

Source: Huntington FSB's HMDA-reported data from January 1, 2017 to December 31, 2017; HMDA Peer Group data for Year 2017; and 2015 ACS U.S. Census data.

Table 5a - Geographic Distribution of Residential Real Estate Loans in Huntington AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans	2017 Aggregate Lending	% of Number of Loans
Home Mortgages	2.32	2.62	14.79	9.74	44.76	60.30	37.79	27.34
% of AA Owner Occupied Housing	2.75		11.30		56.79		29.14	

Source: Huntington FSB's HMDA-reported data from January 1, 2017 to December 31, 2017; HMDA Peer Group data for Year 2017; and 2015 ACS U.S. Census data.