



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

January 28, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Old National Bank of Huntington
Charter No. 17102**

**999 Fourth Avenue
Huntington, WV 25708**

**Comptroller of the Currency
Administrator of National Banks
Charleston Duty Station
100 Capitol Street, Suite 400
Charleston, WV 25301**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **The Old National Bank of Huntington** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of January 28, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The Old National Bank of Huntington originated loans to individuals of different income levels throughout their assessment area which includes portions of Cabell and Wayne Counties in West Virginia and Lawrence County in Ohio. A substantial majority of the bank's lending activity is within the assessment area and the level of lending is reasonable given the bank's size, financial condition, and the needs of the community.

The following table indicates the performance level of *The Old National Bank of Huntington* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The Old National Bank of Huntington Performance Levels		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does Not Meet Standards for Satisfactory Performance
Loan-to-Deposit Ratio		X	
Lending in Assessment Area	X		
Lending to Borrowers of Different Incomes and to Businesses of Different Sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	No complaints were received since the prior examination.		

DESCRIPTION OF INSTITUTION

Old National Bank (Old NB) is a \$49 million community bank headquartered in Huntington, West Virginia. Old NB became a wholly owned subsidiary of City Holding Company on January 14, 1997. City Holding Company is headquartered in Charleston, West Virginia and has assets approximating \$1.1 billion. It currently operates nine banking subsidiaries and two non-bank subsidiaries. Prior to this time, Old NB was an independent bank. The bank operates two branches, one in Wayne County and the other, known as the South East Hills branch, is also in the city of Huntington. Both branches were opened in the latter part of 1995. All offices include drive-up facilities. The bank currently does not operate any ATM's.

As of December 31, 1996, net loans were approximately 53% of total assets. The loan portfolio contains (45%) consumer, (28%) residential real estate, and (26%) commercial loans. Old NB offers a variety of loans including secured and unsecured loans as low as \$1,000, 20-year fixed rate mortgages, and three- and five-year balloon mortgages. The bank accommodated customers who needed more flexible terms by referring them to Star Financial and City Holding Company. There are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its assessment area. Old NB's last CRA performance was last examined in May 1994 and was rated Satisfactory.

DESCRIPTION OF ASSESSMENT AREA:

The assessment area (AA) meets the requirements of the regulation and does not arbitrarily exclude low- or moderate- income geographies. The bank is located in the Huntington metropolitan statistical area (MSA)* which is comprised of Cabell and Wayne counties in West Virginia, Lawrence County in Ohio, and Boyd and Greenup counties in Kentucky. The bank has chosen as its AA all of Wayne County except for one census tract, all of Cabell County except for three census tracts, and three census tracts in Lawrence county which are directly across the Ohio River from the Main office. The bank did not include any part of Kentucky in its AA. The omitted census tracts were not included due to the lack of proximity to any branch.

The bank's AA contains 45 census tracts**. Three tracts qualify as low-income; 10 as moderate-income; 22 as middle-income; and 10 as upper-income. The income levels of the residents in this AA are as follows: low-income (23%), moderate-income (17%), middle-income (19%), and upper-income (42%). The Housing and Urban Development agency defined this MSA's median family income*** for 1996 as \$31,700.

The local economy is stable but is experiencing some growth due to the reopening of coal mines in Wayne County, the Chamber of Commerce's attraction of new businesses in

Lawrence County, and the announcement of the Superblock development in Huntington. However, Huntington recently lost a large retail department store in 1996 and the Owens-Illinois plant in 1994. Major industries include education, medical services, retail government, and manufacturing. Major employers include CSX, Marshall University Cabell/Huntington Hospital, St. Mary's Hospital, Inco Alloys International, Ashland Oil, Ironton Iron, and Heiners Bakery. The community near the bank's new Southeast Hills branch is also experiencing new development with the construction of multifamily, low-income housing and the opening of several new retail stores. The area's 1994 unemployment rate equaled 6.46%.

Banking within the assessment area is very competitive. There are numerous financial institutions to meet local credit needs. These include two branches of distant regional banks, three branches of local regional banks, three state banks, and several savings and loan associations and credit unions. As part of our review, we consulted two Huntington area organizations dealing with housing and urban development to help us better understand local credit needs. Both contacts identified affordable single-family housing, multifamily and group housing, and rental assistance as needs of the community. Other credit needs include small dollar amount loans, small business loans, and consumer loans.

- * A MSA is an area defined by the Bureau of the Census for information gathering purposes. It contains a city with a population of at least 50 thousand.
- ** A census tract is also defined by the Bureau. It describes a geographic area within a county.
- *** The term median family income describes the median income earned by people sharing a home that are related by birth, marriage, or adoption.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

◆ Loan to Deposit Ratio

Old NB's loan to deposit ratio is reasonable. During the ten quarters since the last CRA examination, the bank's loan to deposit ratio went from 40% on June 30, 1994 to 53% on December 31, 1996, with an average loan-to-deposit ratio of 50%. The average loan to deposit ratio for four similarly situated banks in the assessment area ranged from 59% to 87% for the same time period. These banks consisted of two regional banks and two state banks. A custom peer report for similar size banks in the state of West Virginia had a range of 33% to 87%. There is only one other bank in their AA of similar size and it had the loan to deposit ratio of 59%. The reasonableness of the bank's lending level is substantiated by the highly competitive banking market and its high number of small dollar consumer loans.

◆ **Lending in the Assessment Area**

A substantial majority of the bank’s lending activity is within its assessment area. This conclusion is based on the bank’s Home Mortgage Disclosure Act lending activity register (HMDA-LAR)* which includes a majority of the bank’s loans originated during 1996, and reflects that 96% of these loans are within the bank’s AA. In addition, a sample of 4 consumer loans originated during 1996 shows 95% were originated in their AA. In terms of dollar volume, 97% of the housing loans were originated within the AA, while 77% of the consumer loans were in the AA. Based on the above samples, the average mortgage loan in 1996 was approximately \$40,000, while the average consumer loan was \$5,000

* This term refers to a format the bank uses to report home purchase and home improvement loans.

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

The bank lends to borrowers of different income levels. We determined this by reviewing a sample of consumer and housing related loans. The following table illustrates how the bank has originated loans to individuals within every income level.

Percentage of the Number of Loans to Individuals of Different Income Levels Within the Assessment Area (AA)				
Income Level	Families in the AA with this income level	Residential Real Estate Loans	Consumer Loans	Total Loans to Individuals
Low	23%	12%	41%	18%
Moderate	17%	27%	26%	27%
Middle	19%	22%	18%	22%
Upper	41%	39%	15%	33%
Total	100%	100%	100%	100%

The bank’s level of lending to businesses of different sizes is also reasonable. This is based on our review of 31 business loans. We used the size of the loans as an indicator of business size and found all of the loans were for amounts less than \$1 million. A breakdown of our sample is as follows: 74% of these loans were for amounts less than \$100 thousand; 19% were between \$100-250 thousand; and 3% were between \$250-500 thousand.

◆ **Geographic Distribution of Loans**

Old NB's geographic distribution of loans reflects a reasonable dispersion throughout their AA based on our sample of housing related and consumer loans. The bank's lending pattern does not exhibit any conspicuous, unexplainable gaps. The following table illustrates the dispersion of loans made in 1996 to families within the AA's various census tracts. The table illustrates how the bank has reasonably penetrated all census tracts within its AA.

Percentage of the Number of Loans to Individuals Within Different Income Census Tracts				
Tract Income Levels	Families In AA	Residential real Estate Loans	Consumer Loans	Total Loans to Individuals
Low	1%	2%	3%	4 or 2%
Moderate	18%	35%	15%	53 or 30%
Middle	55%	43%	61%	83 or 47%
Upper	26%	16%	21%	30 or 17%
Total	100%	96%*	100%	96%*

* Total does not equal 100% due to six loans for which census tracts could not be identified.

◆ **Response to Complaints**

No CRA related complaints were received since the prior CRA evaluation in May 1994.

◆ **Compliance with Antidiscrimination Laws and Regulations**

A fair lending examination was performed in conjunction with our CRA evaluation. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.