

PUBLIC DISCLOSURE

October 13, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank: The Huntington State Bank
#0439009000
41 South High St.
Cleveland, Ohio 43287

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

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

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I. 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 Huntington State Bank prepared by The Federal Reserve Bank of Cleveland, the institution's supervisory agency, as of October 13, 1998. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

II. DESCRIPTION OF INSTITUTION

The Huntington State Bank ("HSB") located in Alexandria, Ohio, is a subsidiary of Huntington Bancshares which is headquartered in Columbus, Ohio. Other subsidiaries of Huntington Bancshares include banks in Ohio, Indiana, Michigan, West Virginia and Florida; The Huntington Community Development Corporation; The Huntington Acceptance Company; CB&T Capital Investment Company, Inc.; Huntington Bancshares Financial Corporation; The Huntington Service Company; Huntington Capital One; The Huntington National Life Insurance Company; and Huntington Capital Corporation. HSB had total assets of \$138 million as of June 30, 1998, which comprised less than 1% of the Bancshares' total assets.

HSB operates one branch which serves the western portion of Licking County in Ohio. Detailed description of the bank's assessment area can be found in the "Description of Assessment Area" section of this report. HSB is a limited-service financial institution offering a small range of commercial and consumer lending services. Table 1 presents some key financial information for The Huntington State Bank.

Total Assets	\$138,054,000
Total Deposits	\$13,607,000
Total Loans & Leases	\$122,631,000
Loans Secured by Real Estate	
Loans Secured by 1- to 4-Family Residential Properties	\$1,284,000
Loans Secured by Farm Land	\$139,000
Commercial & Industrial Loans	\$36,000
Consumer Loans (of which approximately 98% are non-prime motor vehicle)	\$121,162,000

Based on HSB's asset size and financial condition, there are no obstacles to the bank's ability to meet the credit needs of its assessment areas. The bank's charter limits the products that the bank may offer, therefore, HSB refers customers to Huntington National Bank for additional products. Excluding the limited charter limitations, there are no legal or other impediments which would hamper HSB's ability to meet its communities' credit needs.

III. DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area is generally defined as a portion of western Licking County. The assessment area complies with the requirements of the Community Reinvestment Act ("CRA") and does not arbitrarily exclude low- or moderate-income geographies; i.e.,

census tracts or block numbering areas. More specifically, the bank has determined its assessment area to include the following census tracts:

Licking County

7533 7539 7541 7547 7550 7553 7556
 7550 7565 7568 7571 7577 7580

Tables 2 and 3 present relevant demographic information for this assessment area. As of the 1990 census, the population of the assessment area was 61,551 and the median family income for the assessment area was \$38,036.

Table 2 Demographic Data by Geography				
Type of Geography¹	# and % of Geographies	# and % of Population	# and % of Families	# and % of OO* Units
Low-Income	0 0%	0 0%	0 0%	0 0%
Moderate-Income	0 0%	0 0%	0 0%	0 0%
Middle-Income	11 84.6%	50,607 82.2%	14,518 84.9%	13,600 82.5%
Upper-Income	2 15.4%	10,944 17.8%	2,587 15.1%	2,891 17.5%
Total	13	61,551	17,105	16,491

* Owner-occupied units

Table 3 Demographic Data by Income Level		
Family Income Level	Number of Families	% of Families
Low-Income	2,721	15.9%
Moderate-Income	2,946	17.2%
Middle-Income	4,604	26.9%
Upper-Income	6,834	40.0%
Below Poverty Level*	1,087	6.2%

- Subset of low-income families

Within the Alexandria assessment area, there were 22,939 housing units. Of these units,

¹**NOTE:** Low-, moderate-, middle-, and upper-income are defined as follows:
Low-income: Up to 50% of the median MSA family income.
Moderate-income: Greater than 50% up to 80% of the median MSA family income.
Middle-income: Greater than 80% up to 120% of the median MSA family income.
Upper-income: Greater than 120% of the median MSA family income.

71.9% were owner-occupied, 24.1% were rental units, and 4.0% were vacant. The median housing value was \$70,861 and the median gross rent was \$387 per month. The median age of the housing stock was 37 years, with 23.6% of the housing stock built prior to 1950. The following table shows the breakdown of types of dwellings found within the assessment area:

Type of Geography	1- to 4-Units	5 or more Units	Mobile Homes	Other Units
Low-Income	0	0	0	0
Moderate-Income	0	0	0	0
Middle-Income	16,110	1,807	1,051	182
Upper-Income	3,449	247	6	87

The Licking County economy is considered strong as evidenced by the low level of unemployment. As of August 1998, the unemployment rate in Licking County was 3.4%.² The national unadjusted unemployment rate was 4.5% and the State of Ohio rate was 3.9%. In Licking County, as of 1995, the service industry accounted for more than 16,000 employees, with retail trade and manufacturing employing 13,191 and 10,509 people, respectively. As of 1994, of the 2,564 businesses in the county, 2,409 had fewer than 50 employees. Major employers in Licking County include the following:

²*Ohio Labor Market Information*, Ohio Bureau of Employment Services

Table 5	
Licking County Major Employers	
EMPLOYER	# of Employees
The Longaberger Company	Over 1,500
Owens Corning	Over 1,500
Anomatic Corporation	500 to 1,000
Bear Creek Corporation	500 to 1,000
Holophane Company	250 to 500
Kaiser Aluminum	250 to 500
Owens Corning Science & Tech Center	250 to 500
Tech International	250 to 500
Communicolor	200 to 500
Diebold, Inc.	200 to 500

Four community contacts were conducted in conjunction with the examination. The primary needs identified through these contacts included the following:

- more creativity in developing financing options for businesses and use of government-guaranteed programs;
- more personal involvement by bankers with low- and moderate-income residents;
- more affordable housing;
- a better understanding of how low- and moderate-income people deal with financial problems; and
- more involvement with educating people about the lending process.

See Appendix B for a map of HSB's assessment areas.

IV. INSTITUTION RATING

This institution is rated "**Needs to Improve**" **Record of Meeting Community Credit Needs**. The rating is based on the following:

- Management is generally unaware of the assessment area's credit needs.
- HSB has a low level of lending activity within the assessment area;
- HSB has some conspicuous gaps in its lending patterns as shown by the Assessment Area maps located in Appendix B.
- HSB has a low level of qualified community development investments/grants and has not provided any community development services.
- HSB has exhibited poor responsiveness to the community development needs of its assessment area. The bank lacks an awareness of the needs and the possibilities for involvement in both community development investments and services in its assessment area.

Table 6 indicates the performance level of HSB with respect to the lending, investment, and service tests.

Table 6			
THE HUNTINGTON STATE BANK PERFORMANCE TESTS			
PERFORMANCE LEVELS	LENDING TEST*	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory			
Low Satisfactory	X		
Needs to Improve		X	X
Substantial Noncompliance			

* Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending Test

Lending Activity

As of June 30, 1998, HSB had \$122,631,000 in loans and leases. The majority of the lending activity was related to non-prime motor vehicle loans which were originated by the use of dealers and associations within Ohio, Indiana and Michigan. The bank also extends a limited number of commercial loans and loans to individuals. For purposes of this evaluation, the following loan types originated from October 1996 through October 1998, were reviewed:

- Motor vehicle
- Home Equity
- Consumer other secured
- Consumer other unsecured
- Small business³

HSB has requested that the non-prime motor vehicle loans originated outside the bank's assessment be considered by its affiliate, Huntington National Bank, in accordance with the Community Reinvestment Regulation, §228.22(c). Section 228.22(c)(3) of the Community Reinvestment Regulation requires regulators not to consider affiliate lending in assessing a bank's performance under paragraph (b)(2)(I) of this section which assess the bank's proportion of the bank's lending in the bank's assessment area. Therefore, in keeping with the spirit of the regulation the converse holds true, evaluation of the proportion of the bank's lending in the bank's assessment must include all of the loans originated by HSB.

HSB chose not to have the lending of its affiliates to be considered in this evaluation.

Table 7 shows the number and amount of the bank's lending inside of its assessment areas by loan product for each year.

³Small business and farm loans are commercial loans <=\$1,000,000.00

Table 7
Lending Within Assessment Areas
by Loan Product

Loan Type	Number of Loans	% of Total Loans	Amount of Loans	% of Total Loans
Motor Vehicle	70	1%	695,000	1%
Home Equity	14	88%	578,000	88%
Other Secured	25	83%	227,000	84%
Other Unsecured	2	50%	2,000	25%
Small Business	3	38%	49,000	18%

While this table shows that a substantially low percentage of the loans are within HSB's assessment area, the bank has an adequate responsiveness to assessment area credit needs. As noted in the table, the motor vehicle non-prime product is substantially originated outside the bank's assessment area. The regulation provides for an institution to originate loans outside its assessment area as long as the credit needs of the assessment area are being met. Community contacts were performed to determine the credit needs within the assessment area and the extent to which HSB was attempting to address those needs. Additionally, an analysis of lending activity performed by other institutions demonstrated a demand for loan products within the assessment area. Based on the information from the contacts and the analysis results, it was determined that the lending level within the bank's assessment area was low. In addition, discussions with the contacts and bank staff revealed that the bank was generally unaware of the assessment area's credit needs, and attempts to ascertain those needs were limited.

Geographic Distribution

An evaluation was made of the bank's lending distribution among the income levels within its assessment area. With respect to the geographic dispersion of loans within the assessment area, the bank's lending performance is adequate. The following table illustrates the number and dollar amount of loans extended by the bank within its assessment area.

Table 8
DISTRIBUTION OF LOANS ACROSS THE ASSESSMENT AREA
BY INCOME LEVEL OF CENSUS TRACTS
COMPARED TO CHARACTERISTICS OF THOSE TRACTS

	Low-Income ¹		Moderate-Income ²		Middle-Income ³		Upper-Income ⁴	
	No.	\$	No.	\$	No.	\$	No.	\$
Motor Vehicle (Non-Prime)	0	0	0	0	63	641,000	7	54,000
<i>Percent of Total</i>	0%	0%	0%	0%	90%	92%	10%	8%
Home Equity	0	0	0	0	13	568,000	1	10,000
<i>Percent of Total</i>	0%	0%	0%	0%	93%	98%	7%	2%
Other Secured	0	0	0	0	23	217,000	2	10,000
<i>Percent of Total</i>	0%	0%	0%	0%	92%	96%	8%	4%
Other Unsecured	0	0	0	0	2	2,000	0	0
<i>Percent of Total</i>	0%	0%	0%	0%	100%	100%	0%	0%
Small Business	0	0	0	0	2	32,000	1	17,000
<i>Percent of Total</i>	0%	0%	0%	0%	67%	65%	33%	35%
Number of Tracts in Assessment Area <i>Percentage of Tracts</i>	0 0%		0 0%		11 85%		2 15%	
Number of Families by Tract <i>Percentage of Families</i>	0 0%		0 0%		50,607 82%		10,944 18%	
Owner- Occupied Households by Tract <i>Percentage of Households</i>	0 0%		0 0%		13,600 82%		2,891 18%	

-
- 1 Census tract having less than 50 percent of the MSA median family income.
 - 2 Census tracts having at least 50 percent and less than 80 percent of the MSA median family income.
 - 3 Census tracts having at least 80 percent and less than 120 percent of the MSA median family income.
 - 4 Census tracts having 120 percent or more of the MSA median family income.

The geographic distribution of loans illustrated above evidences a good level of penetration in middle-income census tracts. However, the bank has an adequate distribution throughout the bank's overall assessment area. As can be seen on the CRA Maps in Appendix B, the bank has some gaps in its lending patterns. Although it is not required that the bank make loans in every geography, the geographic plotting shows some conspicuous gaps in the lending. In other words, within the assessment area, there are areas that little or no lending activity is taking place. The Preamble to the CRA Regulation published in the Federal Register, dated May 5, 1995, states that the bank's lending pattern should not exhibit conspicuous gaps that are not adequately explained by the performance context. It was noted that the bank's loans have been made in areas farther away.

Borrower Distribution

HSB's loans reflect a good distribution of loans among individuals of different income levels and businesses of different sizes. Overall, the distribution of total loans sampled to low- and moderate-income level borrowers is significant. For instance, 61% of all motor vehicle, and 48% of all other secured loans were made to borrowers of low- to moderate-income levels, while 21% of all home equity loans were made to low- to moderate-income borrowers. Such percentages are particularly noteworthy considering that only 33% of the families in the assessment area are low- to moderate-income, of which 6.2% are families whose incomes fall below the poverty level.

The following tables show the distribution of loans as a percentage by number and dollar amount compared to the income demographics of the population of HSB's assessment areas.

TABLE 9 DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA BY INCOME LEVEL OF BORROWER									
Income Level	<i>Motor-Vehicle</i>				<i>Home Equity</i>				<i>% of Families⁵</i>
	No.	%	\$ Amount	%	No.	%	\$ Amount	%	%
Low¹	23	33	202,000	29	3	21	75,000	13	15.9
Moderate²	20	29	202,000	29	0	0	0	0	17.2
Middle³	23	33	243,000	35	5	36	218,000	38	26.9
Upper⁴	4	6	48,000	7	6	43	284,000	49	40.0

1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income

2 At least 50 percent and less than 80 percent of the MSA median family income

3 At least 80 percent and less than 120 percent of the MSA median family income

4 120 percent or more of the MSA median family income

5 Represents the percentage of families in the assessment area categorized by income level.

**TABLE 10
DISTRIBUTION OF CONSUMER LOANS SAMPLED IN THE ASSESSMENT AREA
BY INCOME LEVEL OF BORROWER**

Income Level	<i>Other Unsecured</i>				<i>Other Secured</i>				<i>% of Families⁵</i>
	No.	%	\$ Amount	%	No.	%	\$ Amount	%	%
Low¹	7	28	64,000	28	1	50	1,000	50	15.9
Moderate²	5	20	35,000	15	0	0	0	0	17.2
Middle³	4	16	37,000	16	0	0	0	0	26.9
Upper⁴	9	36	91,000	40	1	50	1,000	50	40.0

- 1 Less than 50 percent of the metropolitan statistical area ("MSA") median family income
- 2 At least 50 percent and less than 80 percent of the MSA median family income
- 3 At least 80 percent and less than 120 percent of the MSA median family income
- 4 120 percent or more of the MSA median family income
- 5 Represents the percentage of families in the assessment area categorized by income level.

Additionally, the distribution of small business and farm loans within the assessment area by borrower revenue is also significant. The bank originated three small business loans within its assessment area during the review period, all of which were for loan amounts less than \$100,000 and 100% of the small business loans originated were made to businesses and farms with revenues less than \$1,000,000.

Community Development Loans

HSB has as not made any community development loans since the previous examination and there was no evidence of the bank's efforts in seeking out community development lending opportunities.

Innovative/Flexible Lending Criteria

HSB offers basic loan products such as home equity, motor vehicle loans, other secured, other unsecured and small business loans. The bank makes little use of innovative and/or flexible lending practices in serving assessment area credit needs. The bank's limited charter explains some of the reasons why the bank does not offer more innovative products such as mortgages. In addition, the bank's non-prime loans offer some flexibility in the lending criteria. HSB does not participate directly in any governmentally insured, guaranteed, or subsidized loan programs.

Investment Test

During the evaluation period, the bank's community development efforts have been few if any. While HSB did not directly make any qualified investments during our analysis period an affiliate of HSB, The Huntington Community Development Corporation, did. In accordance with §228.23(c) of the Community Reinvestment Regulation, at a bank's option, a qualified investment made by an affiliate of the bank will be considered in the assessment of a bank's investment performance if the qualified investment is not claimed by any other institution. The Huntington Community Development Corporation (HCDC) has allocated a \$250,000 investment in The Ohio Equity Fund for Housing Limited Partnership VII to HSB. The mission of this fund is to encourage and assist corporations in investing in low income residential rental properties located in the State of Ohio which are eligible for Low Income Housing and Historic Rehabilitation Tax Credits. The Ohio Equity Fund for Housing serves an area larger than, but includes, the institution's assessment area.

Although the bank's investment is responsive to the needs of the state, the volume of its activity is low in relation to the bank's resource; in comparison to similarly situated banks; and in comparison to the opportunities for involvement in community development activities which are available in the bank's assessment area. Further the bank's lack of any services which qualify as community development services demonstrate the need for a stronger commitment on the part of the bank to assess the community development needs of its assessment area and determine how it can best help meet those needs.

Service Test

Retail Banking Services

HSB's retail banking and alternative delivery systems are accessible to essentially all geographies within the bank's assessment area. As previously stated, HSB has one office which is located in a middle-income census tract. HSB's branch hours are limited, and the bank currently does not offer any alternative delivery system to provide convenience to its assessment area.

HSB's has not opened or closed any branches since the previous examination.

Community Development Services

During the review period, HSB did not provide any qualified community development services.

Compliance with Anti-Discrimination Laws and Regulations

HSB has written fair lending policies and procedures. Fair lending training is provided regularly. A review of the bank's compliance with fair lending laws and regulations was conducted during a concurrent fair lending examination. No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.

VIII. APPENDIX A

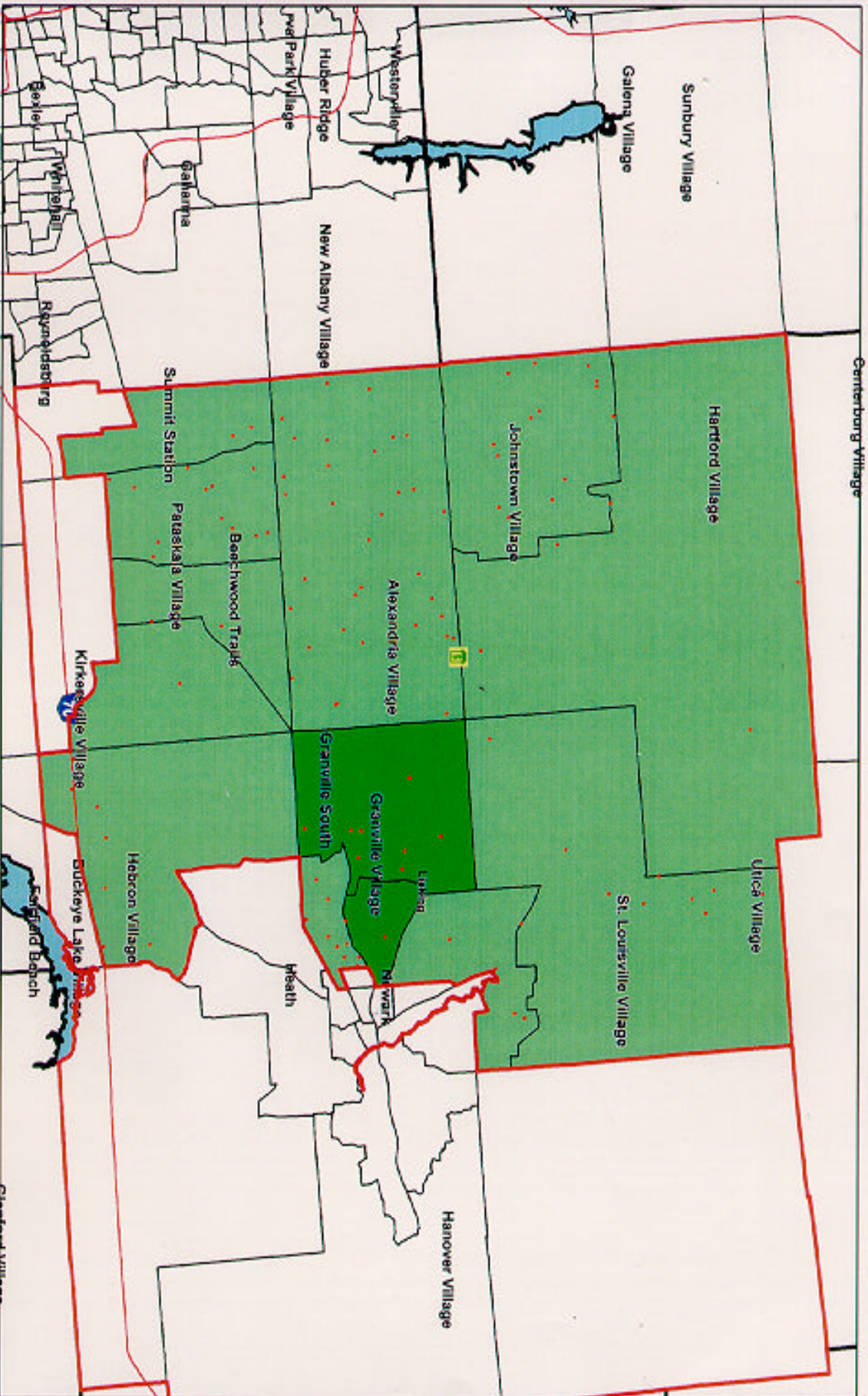
SCOPE OF THE EXAMINATION

This examination covered the time period since November 4, 1996. The analysis included a review of the data required to be reported under the Community Reinvestment Act (small business and community development loans). No Multi-family loans were generated by the bank. HSB also elected to have some of its consumer loan data considered. Consumer loan data was categorized as motor vehicle loan, home equity loans, other secured and other unsecured.

APPENDIX B

The Huntington State Bank

Consumer Loan Originations



The Huntington State Bank

Consumer Loan Originations

Map Legends

Overlays

- BRANCH-ADDRESS
- Assessment Area Label
- Assessment Area
- All Cities
- County Name
- County Boundaries
- Individual Transactions
- Interstate Shields
- Interstate Highways
- Median Family Income by Tract

Median Family Income Index (1998)
100 = Average

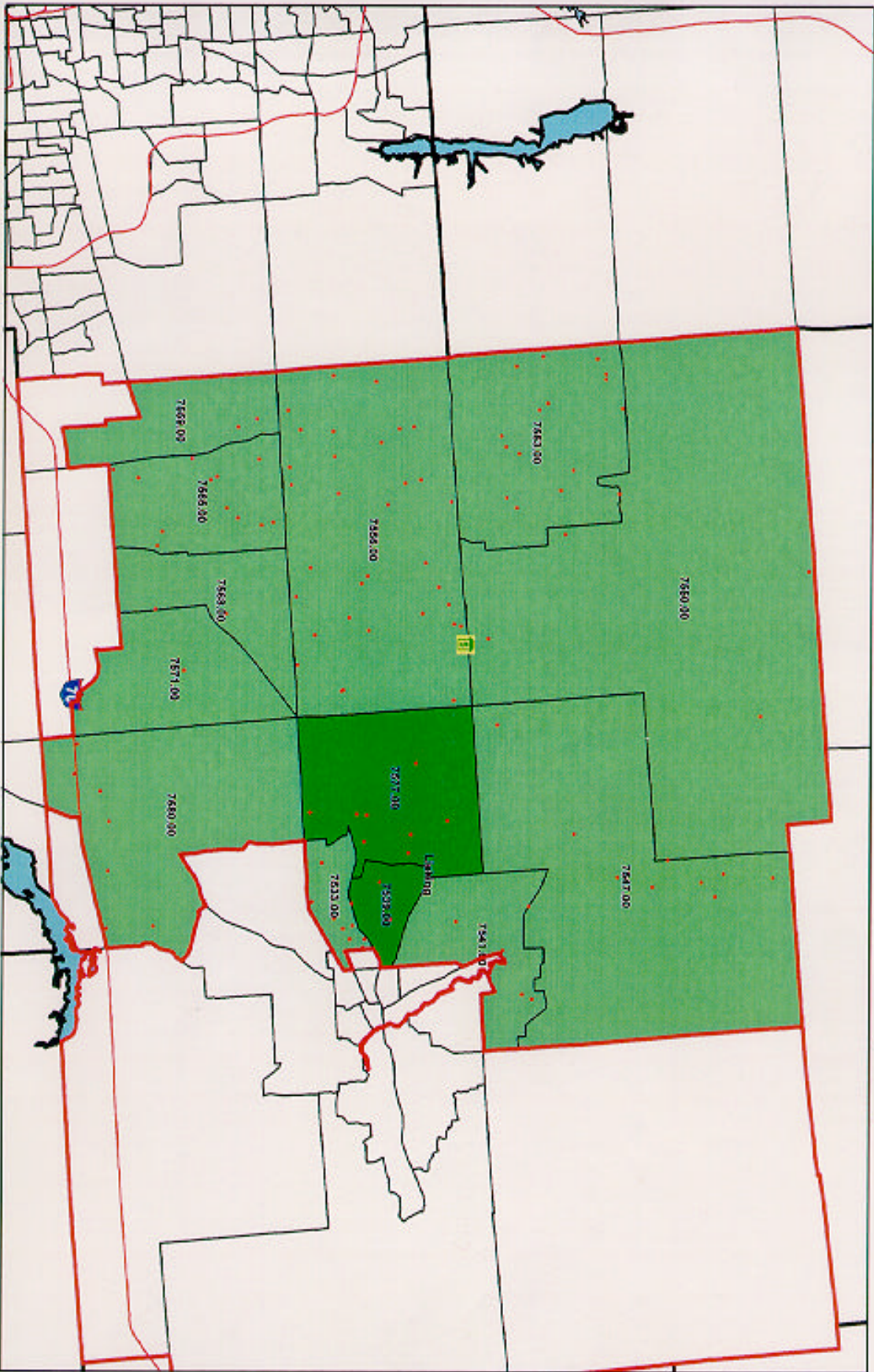
- 0 < 50 Low
- 50 < 80 Moderate
- 80 < 120 Middle
- >= 120 Upper
- Missing Data
- Excluded
- Not Selected

CRA Loans (Dot Density)

- Each dot = 1

The Huntington State Bank

CRA Loans



Map Scale

0 2.6 5.2
1 in = 4.174 MI

Wednesday, October 21, 1998

The Huntington State Bank

CRA Loans Map Legends

Overlays

- BRANCHADDRES
- Assessment Area Label
- Assessment Area
- County Name
- County Boundaries
- Census Tract FIPS Labels
- Individual Transactions
- Interstate Shields
- Interstate Highways
- Median Family Income by Tract

**Median Family Income
Index (1998)
100 = Average**

- 0 < 50 Low
- 50 < 80 Moderate
- 80 < 120 Middle
- >= 120 Upper
- Missing Data
- Excluded
- Not Selected

**CRA Loans
(Dot Density)**

- Each dot = 1