



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

March 6, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of St. Marys
Charter Number #5226
401 Second Street, P.O. Box 180
St. Marys, West Virginia 26170**

**Office of the Comptroller of the Currency
Charleston Field Office
100 Capitol Street, Suite 400
Security Building
Charleston, West Virginia 25301**

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

GENERAL INFORMATION

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 First National Bank of St. Marys*** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of December 31, 1997. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 Code of Federal Regulations (CFR) Part 25.

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

The First National Bank of St. Marys has met or exceeded the standards for satisfactory performance for each of the following assessment criteria: loan to deposit ratio; lending within the assessment area; lending to borrowers of different incomes and to businesses of different sizes; geographic distribution of loans; and, response to consumer complaints. This evaluation is based on information from June 30, 1995 through December 31, 1997.

The following table indicates the level of CRA performance of *The First National Bank of St. Marys* with respect to each assessment criterion for small institutions:

SMALL INSTITUTION ASSESSMENT CRITERIA	<i>The First National Bank of St. Marys</i> PERFORMANCE LEVELS		
	<u>Exceeds</u> Standards for Satisfactory Performance	<u>Meets</u> Standards for Satisfactory Performance	<u>Does Not Meet</u> 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	The Bank has received no CRA related complaints.		

DESCRIPTION OF INSTITUTION

The First National Bank of St. Marys (FNB) is a \$40 million community bank with its main office located in St. Marys, West Virginia. The main office offers full service banking. There is a drive-through facility across the street from the main office. The bank recently installed three automatic teller machines in local business establishments.

To help meet the credit needs of the community, FNB offers a variety of traditional banking products and services. Lending consists of secured and unsecured products with no minimum loan amount. Consumer and small business purpose loans represent a large percentage of the loan portfolio. As of December 31, 1997, net loans represented 61% of total assets and 67% of total deposits. FNB's loan portfolio consists of 37% residential real estate loans, 35% commercial loans, and 26% consumer loans. The type and quantity of loans reflects favorably on the bank's efforts to meet community credit needs. There are no financial conditions, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its assessment area. CRA performance was last evaluated in June 1995 and was rated Satisfactory.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area (AA) is Pleasants County in West Virginia. The bank's AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The county is sparsely populated with a total population of 7,546 according to 1990 Census Bureau data, making the county one of the least populated of the 55 counties in West Virginia. Banking in the AA is moderately competitive due to the sparse population. There are two other financial institutions in the AA to help meet local banking needs.

The AA consists of two Block Numbering Areas (BNA)¹, both of which are considered middle income. Within those BNA, 19% of the families are considered to be low-income, 14% are moderate-income, 19% are middle-income, and 48% are upper-income families. The median family income² is \$21,200, which is below the West Virginia state average of \$27,600.

Twenty percent of the people in the AA are retired. Thirty-two percent of the households in the AA receive social security income while 11% receive some type of public assistance. Approximately 19% of households are below poverty level.

¹ A BNA is a non metropolitan area defined by the Bureau of the Census for information gathering purposes.

² The term median family income describes the median income earned by people sharing a home that are related by birth, marriage, or adoption.

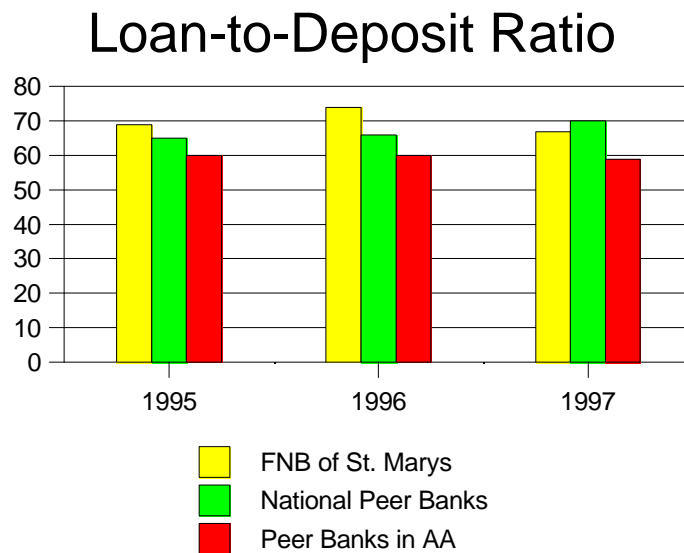
The AA's economy is stable and loan demand is considered moderate. The 1996 unemployment rate for the county was 9.4% while the West Virginia state average was 7.5%. The unemployment rate has been between 9% and 15% throughout this decade.

Based on a 1996 West Virginia University Center for Economic Research report, the majority of employment in the county was in government, manufacturing and services. These segments of industry represent 70% of employment opportunity.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

◆ **Loan to Deposit Ratio**

FNB's loan to deposit ratio is more than reasonable. The bank's average loan-to-deposit ratio for the past three years has been 70%. This is slightly better than their national peer average and is above the average for the county. This is more than reasonable considering the level of loan demand, economic conditions and competition.



◆ **Lending in the Assessment Area**

A majority of the bank's lending activity is within the AA. A zip code analysis report shows 58% of the bank's total loan portfolio outstanding is extended to persons within the AA. A large percentage of those loans outside the AA are to persons residing in neighboring towns just outside the AA.

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

FNB's distribution of loans to individuals of different income levels is good. The chart below illustrates FNB's lending to individuals of different income levels, based on a sample of loans. We reviewed a sample of 32 unsecured loans and used auto loans originated in November and December, 1997.

LOANS BY BORROWER INCOME LEVEL

Income Level	Families in the AA	Number of Loans	Percent by # of Loans	Amount of Loans	Percent by \$ Amount
Low	18.9%	17	53.1%	\$55,734	44.8%
Moderate	14.4%	6	18.8%	\$27,857	22.4%
Middle	19.1%	6	18.8%	\$35,166	28.3%
Upper	47.6%	3	9.3%	\$5,660	4.5%
Total	100%	32	100%	\$124,417	100%

The bank's level of lending to businesses of different sizes is reasonable and is consistent with the number of small businesses located in the AA. FNB's commercial lending is targeted to small businesses as virtually all of the businesses in the AA are categorized as small business. By using the size of the loans extended to businesses as an indicator of business size, we found that all commercial loans outstanding as of year-end 1997 were for amounts less than \$500,000 and to businesses with less than \$1 million in annual revenues. In 1997, the bank originated 13 new loans to small businesses totaling \$333M in addition to existing commercial loans outstanding.

FNB promoted local economic development within the assessment area by providing loans to finance start-up businesses, maintain existing businesses and improve municipal infrastructure. The bank also provided interim financing to the Pleasants County Development Authority, to purchase property to be used for an industrial park, until a government grant was received.

◆ **Geographic Distribution of Loans**

FNB's geographic distribution of loans reflects a reasonable dispersion throughout their AA. This determination is based on a zip code analysis of outstanding loans as of year end 1997. We found that the loans tend to be concentrated in the zip code area of St. Marys which is more populated. The bank's lending pattern does not exhibit any conspicuous, unexplainable gaps. There are no low- or moderate-income geographies in the AA.

◆ **Response to Complaints**

FNB has not received any CRA related complaints since its prior CRA evaluation in June 1995.

◆ **Compliance with Antidiscrimination Laws and Regulations**

A fair lending examination was performed in conjunction with our CRA evaluation. This fair lending examination consisted of a comparative file analysis of unsecured personal loans as well as secured used auto loans. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.