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Comptroller of the Currency  
Administrator of National Banks

Small Bank

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## **PUBLIC DISCLOSURE**

March 8, 1999

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

**First National Bank  
Charter Number 10127**

**216 Market Street  
P.O. Box 1049  
Spencer, West Virginia 25276**

**Office of the Comptroller of the Currency  
Administrator of National Banks  
West Virginia Field Office  
100 Capitol Street  
Security Building - Suite 400  
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 CRA performance of *First National Bank* prepared by the *Office of the Comptroller of the Currency*, the institution's supervisory agency as of the evaluation date. 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**.

First National Bank (FNB) 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, and geographic distribution of loans. This evaluation is based on information collected since FNB's last CRA evaluation dated December 7, 1995.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK'S 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		X	
Geographic Distribution of Loans		X	
Response to Complaints	The bank has not received any CRA related complaints since our previous CRA examination.		

## **DESCRIPTION OF INSTITUTION**

FNB is a community bank with average assets of \$74 million. The main office is located in Spencer, WV. FNB also operates a full service branch in Parkersburg, WV, which was opened in June 1998.

As of December 31, 1998, net loans represented approximately 76% of total assets. FNB's loan portfolio consists of 59% real estate related loans, 17% consumer loans, and 24% commercial loans. FNB offers a variety of loans including personal loans with a minimum loan amount of \$1,250, residential real estate loans, home improvement and housing rehabilitation loans, community development loans, commercial loans, and government guaranteed loans. The bank also accommodates customers who need more flexible credit terms by offering credit card applications through a local issuing bank. 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 areas.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank has two assessment areas (AAs). The first consists of Roane County where the bank's main office is located. This AA includes 4 Block Numbering Areas (BNAs).<sup>1</sup> There are no low-income areas within this AA, however, there are 2 moderate-income areas. The AA does not arbitrarily exclude low- and moderate-income geographies.

Due to the recent opening of the branch in Parkersburg, Wood County is considered the bank's second AA. However, since the branch has only been in operation since June 1998, loan volume was not considered sufficient enough to warrant a separate review of the bank's performance within this AA. Therefore, we primarily assessed FNB's CRA performance within the Roane County AA.

The income levels of the various families in the Roane County AA are as follows: low-income (27%), moderate-income (24%), middle-income (20%), and upper-income (29%). The 1998 WV statewide updated HUD non MSA median family income<sup>2</sup> equaled \$28,200. Based on 1990 census data, Roane County has a population of 15,120. In this AA, 37% of the households receive social security income and 13% receive some other type of public assistance.

The Roane County AA's economy is stable and loan demand is moderate. The major industries within the area include garment manufacturing, rubber manufacturing, oil and gas exploration, and retail sales. Banking within the AA is competitive, as there are numerous financial institutions available to service local credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

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<sup>1</sup> A BNA tract is defined by the Census Bureau. It describes a geographic area within a county.

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

< **Loan to Deposit Ratio**

FNB's loan to deposit ratio is reasonable. During the 13 quarters from December 31, 1995 through December 31, 1998, FNB's net loan to deposit ratio averaged 72%. The net loan to deposit ratio of four similarly situated community banks in the AAs, as of December 31, 1998, ranged from 70% to 93%.

< **Lending in Assessment Area**

For simplicity in analyzing this performance factor, we combined all home purchase loans originated from June 1997 through December 1998 in the AAs. In performing this analysis, we took into consideration that the AA in Wood County was formed in June of 1998. Therefore, we considered all Wood County loans made after June 11, 1998 to be within the assessment area. This sample consisted of 39 loans. A substantial majority, 77%, of the bank's lending activity is within the AAs.

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

FNB's lending to borrowers of different income levels is reasonable. We determined this by reviewing all home purchase loans originated within the Roane County AA from June 1997 through December 1998. The following table illustrates FNB's penetration of loans to families of different incomes in this AA.

<b>FNB's Loan Penetration by Income Level</b>		
<b>Income Level</b>	<b>Families within the Assessment Area</b>	<b>First Home Purchases</b>
<b>Low Income</b>	<b>27%</b>	<b>8%</b>
<b>Moderate Income</b>	<b>24%</b>	<b>23%</b>
<b>Middle Income</b>	<b>20%</b>	<b>8%</b>
<b>Upper Income</b>	<b>29%</b>	<b>61%</b>

In addition, FNB participates in the WV Housing Development Fund program, which provides housing

related loan products to low- and moderate-income families. Since FNB's last CRA examination, the bank has made four of these loans within the Roane County AA for a combined total of \$36,200.

Again, because the branch in Parkersburg has only been operating for six months, we felt that there was an insufficient amount of data available to reach substantial conclusions regarding lending to borrowers of different incomes within the Wood County AA.

The bank's level of lending to businesses of different sizes is good, as well as consistent with the number of small businesses in the AAs. By using the size of loans as an indicator of business size, we found that 97% of all commercial loans originated from December 1998 through February 1999 were for amounts less than \$1 million. Additionally, 88% of these loans were for amounts less than or equal to \$100,000. The dollar amount of the loans reviewed ranged from \$2,000 to \$1.3 million.

#### < **Geographic Distribution of Loans**

FNB's geographic distribution of loans reflects a reasonable dispersion throughout the Roane County AA. As mentioned earlier in this document, there are no low-income BNA tracts in the AA, and two moderate-income tracts (BNA 9628 and 9631). Based on first purchase home loans originated from June 1997 through December 1998, BNA tracts 9628 and 9631 had 8% and 35% of the sample located within their respective boundaries.

#### < **Response to Complaints**

FNB has not received any CRA related complaints since the prior CRA evaluation.

#### **Compliance with Antidiscrimination Laws and Regulations**

A fair lending examination was performed in conjunction with our CRA evaluation. This examination was performed to determine if any disparate treatment to any prohibited basis groups had been conducted. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.