



PUBLIC DISCLOSURE

February 22, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
Charter #13830
1 Cedar Street
P.O. Box 457
Ronceverte, West Virginia 24970**

**Office of the Comptroller of the Currency
Virginia Field Office
3800 Electric Road, Suite 204
Roanoke, Virginia 24018**

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 **First National Bank** prepared by **the Office of the Comptroller of the Currency**, the institution's supervisory agency, as February 22, 1999. 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 **Outstanding**.

First National Bank has an outstanding record of meeting the credit needs of its community, including low- and moderate-income individuals. This assessment is based on an appropriate level of loan originations, an excellent level of lending within the bank's assessment area, and an excellent level of lending to borrowers of different income levels and businesses of different sizes. There have been no complaints received from the public since the last CRA Public Evaluation dated September 5, 1995.

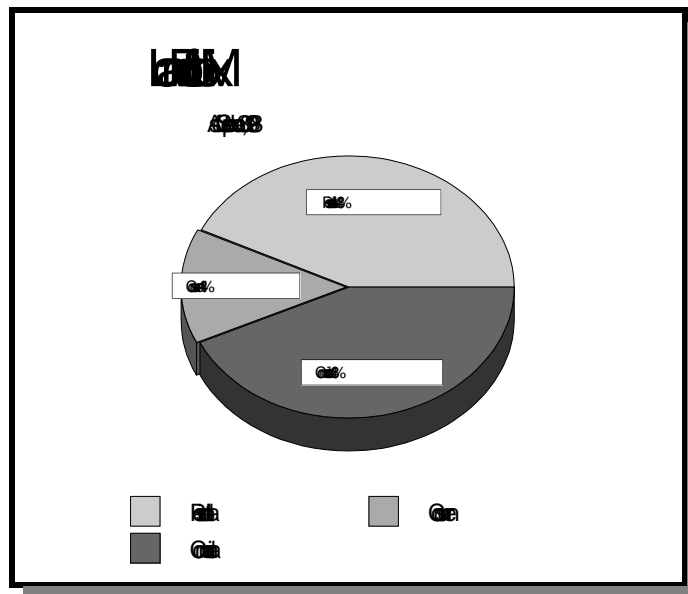
The following table indicates the performance level of **First National Bank** with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST NATIONAL BANK 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	Not performed considering the demographics of the assessment areas.		
Response to Complaints	No complaints were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

First National Bank (FNB) is a wholly-owned subsidiary of First National Bankshares Corporation, a one bank holding company. At September 30, 1998, total assets equal \$96 million, net loans \$69 million, total deposits \$78.6 million, and capital \$9.6 million. The institution's three offices are located in Ronceverte, Lewisburg, and Charleston, West Virginia. In addition, there are three automated teller machines; one each in the main office, the Lewisburg Branch and the Lewisburg Wal-Mart Store.

FNB offers a variety of banking products and services to help meet the credit needs of its community. The type and quantity of loans in the bank's portfolio reflect positively on the bank's efforts to meet the credit needs of its community. Management focuses on residential and commercial lending but also makes consumer loans. The bank's loan portfolio represents 72% of total assets. The following graph illustrates the composition of the bank's loan portfolio:



DESCRIPTION OF ASSESSMENT AREA

FNB's assessment area is a majority of Greenbrier and Monroe Counties, West Virginia and the Charleston, West Virginia Metropolitan Statistical Area (MSA). The Greenbrier/Monroe County Assessment Area (AA) includes nine block numbering areas (BNAs), all of which are considered middle and upper income tracts. The assessment areas do not arbitrarily exclude any low- or moderate-income areas.

Greenbrier and Monroe Counties are located in a rural area of southeastern West Virginia known as the Greenbrier Valley. The counties consist of 1,497 square miles. Major employers in the area include The Greenbrier Hotel, Greenbrier Valley Medical Center, BF Goodrich, and ABB Process Analytics. The unemployment rates for Greenbrier and Monroe Counties as of December, 1998, were 7.9% and 5.5% respectively. The West Virginia State unemployment rate was 6.6% as of December, 1998.

The population of the Greenbrier/Monroe AA totals 47,099, and there are 13,568 families in the assessment area. The median family income for the assessment area is \$28,200. The following table shows the number and percentage of families by income for the assessment area:

AA Families by Income Levels		
Income Level	# of Families	% of Total Families
Low	2,539	19
Moderate	2,541	19
Middle	2,998	22
Upper	5,490	40
Total	13,568	100

The Charleston MSA includes 64 census tracts, one is a low income tract and 13 are moderate income tracts. The unemployment rate for Charleston is 4.7% as of December, 1998, compared to the West Virginia State average of 6.6%. Major employment industries include chemical manufacturing, education, retail trade, health care, transportation/distribution facilities, and mining. There is also a strong state government presence, with Charleston being the state capital. Kanawha and Putnam counties have a combined population of approximately 250,000 and makes up the state's largest Metropolitan Statistical Area (MSA). The MSA median family income for the Charleston MSA is \$38,900.

Discussions with bank officials and local economic development leaders indicate community credit needs include small business loans, small dollar personal loans, home improvement financing, and residential real estate loans. Existing bank products address these identified needs.

FNB's major competitors in the Greenbrier/Monroe County AA are Greenbrier Valley National Bank with total assets of \$183 million, and two branches of regional banks. Other competitors include branches of multi-national banks, mobile home lenders, mortgage companies, and finance companies. Competition in the Charleston MSA is much stronger consisting mainly of three regional banks headquartered in Charleston and several branches of other financial institutions.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

The loan to deposit ratio is adequate in the Greenbrier/Monroe County AA when compared to other banks in the assessment area. At December 31, 1998, the bank's loan to deposit ratio is 62% versus 70% for the local peer group. The local peer group is comprised of six community banks located in the Greenbrier/Monroe County AA.

At December 31, 1998, the Charleston branch loan volume is \$20 million versus \$2 million for deposit resulting in a loan to deposit ratio of 1000%. This ratio exceeds the national peer group average of 73%. However, the number of loans generated in 1998 is considered low at less than one hundred.

Lending in the Assessment Area

A substantial majority of loans originated by the bank are within the Greenbrier/Monroe County Assessment Area. During 1998, the bank extended 1,688 loans totaling \$15 million in this assessment area. Of these loans, 1,592 or 94% were made within the assessment area.

Well over half of the loans originated from the Charleston branch are within the Charleston MSA. During 1998, this branch extended 44 loans. Of these loans, 28 or 64% were made within the MSA. When combining total loans made in both assessment areas during 1998, 94% are made within the bank's two assessment areas.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the demographic and industrial makeup of the assessment area, the bank has an excellent penetration of lending to borrowers of different incomes and to businesses of different sizes in the Greenbrier/Monroe County AA. Our sample of consumer and residential real estate loans made during 1998 revealed that 22% and 24% were made to low and moderate income borrowers, respectively. The following table illustrates lending to various income levels:

1998 Residential and Consumer Lending by Income Level			
Income Level	Residential and Consumer Sample		% of Families in the Assessment Area
	#	% of total	
Low	17	22	19
Moderate	18	24	19
Middle	18	24	22
Upper	23	30	40
Total	76	100	100

Since there were only 21 non-business loans made in the Charleston Office during 1998, an analysis of residential and consumer lending by income level would not be meaningful.

The institution's commercial lending is targeted to small businesses. This type of lending has resulted new businesses being established in the community and the creation of local jobs. Our sample of business loans made during 1998 showed that a substantial majority of these type loans were to small businesses. In the Greenbrier/Monroe County Assessment Area, a total of 79 business loans were made with an average size of \$36 thousand. In the Charleston MSA, a total of 23 business loans were made with an average size of \$183 thousand. Examples of the type of business loans are highlighted in the following table:

Type of Business	Location	Loan Amount	Business Revenues
Logging Company	Lewisburg, WV	\$32,000	\$150,000
Nonprofit Arts & Education Organization	Lewisburg, WV	\$1,000,000	\$275,320
Funeral Home	Ronceverte, WV	\$138,899	\$900,000
Wholesale Produce Company	Charleston, WV	\$200,000	\$100,000
Advertising Company	Charleston, WV	\$35,000	\$335,000

Geographic Distribution of Loans

Based on the demographics of the Greenbrier/Monroe County AA and the fact that there are no low or moderate income geographies, a geographic analysis of the distribution of loans in this area is not considered meaningful.

Since there were only 44 loans made in the Charleston Office during 1998 and over half of those were commercial loans, a geographic analysis of the distribution of loans in this area is not considered meaningful.

Response to Complaints

The bank has received no CRA related complaints.

Compliance with Anti-Discrimination Laws

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified.