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Comptroller of the Currency  
Administrator of National Banks

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## **PUBLIC DISCLOSURE**

October 1, 1997

# **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**Fayette County National Bank  
Charter Number #8345  
Court Street and Maple Avenue  
Fayetteville, West Virginia 25840**

**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 **Fayette County National Bank** prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency, as of June 30, 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 Fayette County National Bank has met or exceeded the standards for satisfactory performance for 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 January 20, 1995 through June 30, 1997.

The following table indicates the level of CRA performance of the *Fayette County National Bank* with respect to each assessment criterion for small institutions:

<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b>FAYETTE COUNTY NATIONAL BANK'S PERFORMANCE LEVELS</b>		
	<b><u>Exceeds</u> Standards for Satisfactory Performance</b>	<b><u>Meets</u> Standards for Satisfactory Performance</b>	<b><u>Does Not Meet</u> Standards for Satisfactory Performance</b>
<b>Loan to Deposit Ratio</b>		<b>X</b>	
<b>Lending in Assessment Area</b>	<b>X</b>		
<b>Lending to Borrowers of Different Incomes and to Businesses of Different sizes</b>		<b>X</b>	
<b>Geographic Distribution of Loans</b>		<b>X</b>	
<b>Response to Complaints</b>	<b>The Bank has received no CRA related complaints.</b>		

## **DESCRIPTION OF INSTITUTION**

With its main office in Fayetteville, West Virginia, Fayette County National Bank (FCNB) is a \$48 million subsidiary of FCNB Bancorp, Inc., a one bank holding company. In addition to its main office and a separate “Express” drive-through facility in Fayetteville, FCNB operates two full service branches in Oak Hill and Ansted, West Virginia. Both of these branches have drive-through facilities. The bank operates one automated teller machine at its “Express” drive-through facility in Fayetteville.

As of June 30, 1997, net loans represented approximately 35% of total assets. FCNB’s loan portfolio consists of 41% residential real estate loans, 24% consumer loans, and 35% commercial loans. FCNB offers a variety of loan products, with the most prevalent being secured and unsecured personal loans with no minimum loan amount and adjustable rate mortgages. The bank also accommodates customers who require more flexible credit terms by offering credit card applications through a credit card issuing bank.

FCNB is considered “well capitalized”, as defined by Section 131 of the Federal Deposit Insurance Corporation Improvement Act (FDICIA) of 1991. 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. FCNB’s CRA performance was last evaluated in January 1995 and was rated Satisfactory.

## **DESCRIPTION OF ASSESSMENT AREA**

The bank’s assessment area (AA) is Fayette County, West Virginia. The seat of county government is Fayetteville, which is located in the central portion of the county. Fayette County is rural and mountainous.

The AA meets the requirements of the regulation and does not arbitrarily exclude low- or moderate-income geographies. The AA includes 11 block numbering areas<sup>1</sup> (BNA). Six of these geographies are designated by the U.S. Bureau of Census as middle-income areas, with the remaining five areas being designated as moderate-income areas. These moderate income areas are located in the extreme southwestern, southern, and southeastern portions of the county. Fayette County contains no geographies which have been designated as upper- or low-income areas.

<sup>1</sup> A Block Numbering Area (BNA) is a nonmetropolitan area defined by the U.S. Bureau of the Census for information gathering purposes.

The 1996 statewide nonmetropolitan median family income<sup>2</sup> for West Virginia, as determined by the U.S. Department of Housing and Urban Development (HUD), was \$26,600. The 1997 estimated statewide non-metropolitan median family income is \$27,600. The income levels of the families living in the 11 BNAs of Fayette County are: 24% low-income; 19% moderate-income; 19% middle-income; and, 38% upper-income. Of the low- and moderate-income families within the AA, 42% reside in moderate-income areas while the remaining 58% reside in middle-income areas.

Based on the 1990 U.S. Census, the population of Fayette County is 47,952. The majority of the population resides in the central portion of the county between Gauley and Sewell Mountains, along U.S. Route 19 (north and south) and U.S. Route 60 (east and west). Seventeen percent of the people in the AA are over the age of 65. Forty-one percent of the households in the AA receive social security income while 11% receive some other type of public assistance. In addition, 22% of the households are considered to be below the poverty level.

The AA's economy is stagnant and loan demand is moderate to low. The 1996 unemployment rate for Fayette County was 12% while the West Virginia state average was 8.9%. The unemployment rate tends to fluctuate throughout the year, reflecting the seasonality of the tourism portion of the county's economy.

Based on the 1990 census information, 98% of the businesses located in the AA employ less than 49 employees. Industries within the area include light manufacturing; recreation/tourism related retail trades and services; and mining. Major employers include the Fayette County Board of Education and companies promoting tourism (mainly white water rafting related activities which operate on a seasonal basis).

Banking within the AA is competitive. There are numerous financial institutions to help meet local credit needs, with banking facilities of three community banks and branches of two regional banks operating within Fayette County (mainly in the Fayetteville and Oak Hill areas). Residents located in the less populated areas west of Gauley Mountain or east of Sewell Mountain tend to be served by financial institutions in the neighboring counties. This is due to the relative ease of access to the surrounding counties versus negotiating the mountainous secondary road network into central Fayette County for shopping, business, banking, or employment purposes.

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

## CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

### ◆ **Loan to Deposit Ratio**

FCNB's loan to deposit ratio is reasonable. During the ten quarters since the last CRA examination, FCNB's loan to deposit ratio has increased 47%: from 30% on June 30, 1994 to 44% on June 30, 1997. This results in an average loan to deposit ratio over the 10 quarters of 34%.

Although FCNB's level of lending, based on its ratio of loans to deposits, is below that of peer banks of similar size, the reasonableness of the bank's lending is substantiated by its high number of low-dollar consumer loans, the competitive banking market, and moderate to low loan demand.

### ◆ **Lending in the Assessment Area**

A substantial majority of the bank's lending activity is within the AA. In order to determine this, we analyzed a sample of FCNB's loan portfolio. This sample consisted of 31 unsecured consumer loans originated in June 1997 and 21 home purchase loans originated from April 1997 to June 1997. This sample is representative of the bank's overall lending performance in addressing the consumer and housing borrowing needs within their AA. The table below illustrates the bank's lending in the AA:

<b>Percentage of the Number of Loans Originated Within the AA</b>		
<b>Unsecured Consumer Loans</b>	<b>Home Purchase Loans</b>	<b>Total Loans</b>
<b>98%</b>	<b>95%</b>	<b>93%</b>

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

FCNB lends to borrowers of different income levels. We determined this by reviewing the same sample of unsecured consumer and home purchase loans. The tables on the following page illustrate FCNB's lending to individuals of different income levels, based on a sample of loans.

<b><i>Unsecured Consumer Loans to Individuals of Different <u>Income Levels</u> Within the AA</i></b>					
<b>Income Level</b>	<b>Families in the AA</b>	<b>Number of Loans</b>	<b>Percent by # of Loans</b>	<b>Amount of Loans</b>	<b>Percent by \$ Amount</b>
<b>Low</b>	<b>24%</b>	<b>6</b>	<b>19%</b>	<b>\$4,811</b>	<b>9%</b>
<b>Moderate</b>	<b>19%</b>	<b>11</b>	<b>36%</b>	<b>\$20,285</b>	<b>39%</b>
<b>Middle</b>	<b>19%</b>	<b>6</b>	<b>19%</b>	<b>\$13,200</b>	<b>26%</b>
<b>Upper</b>	<b>38%</b>	<b>8</b>	<b>26%</b>	<b>\$13,563</b>	<b>26%</b>
<b>Total</b>	<b>100%</b>	<b>31</b>	<b>100%</b>	<b>\$51,859</b>	<b>100%</b>

<b><i>Home Purchase Loans to Individuals of Different <u>Income Levels</u> Within the AA</i></b>					
<b>Income Level</b>	<b>Families in the AA</b>	<b>Number of Loans</b>	<b>Percent by # of Loans</b>	<b>Amount of Loans</b>	<b>Percent by \$ Amount</b>
<b>Low</b>	<b>24%</b>	<b>1</b>	<b>5%</b>	<b>\$20,000</b>	<b>3%</b>
<b>Moderate</b>	<b>19%</b>	<b>6</b>	<b>29%</b>	<b>\$113,319</b>	<b>20%</b>
<b>Middle</b>	<b>19%</b>	<b>7</b>	<b>33%</b>	<b>\$114,568</b>	<b>20%</b>
<b>Upper</b>	<b>38%</b>	<b>7</b>	<b>33%</b>	<b>\$333,000</b>	<b>57%</b>
<b>Total</b>	<b>100%</b>	<b>21</b>	<b>100%</b>	<b>\$580,887</b>	<b>100%</b>

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. Ninety-five percent of the commercial loans originated since the last CRA examination were made to businesses located within the AA. By using the size of the loans extended to businesses as an indicator of business size, we found that 98% of the commercial loans originated between July 1996 and June 1997 were for amounts less than \$400,000. In addition, 80% of these loans were for amounts less than \$150,000.

◆ **Geographic Distribution of Loans**

FCNB’s geographic distribution of loans reflects a reasonable dispersion throughout the two types of income geographies in their AA. This determination is based on our sample of unsecured consumer and home purchase loans. The bank’s lending pattern does not exhibit any conspicuous, unexplainable gaps. We found that the loan originations tend to be concentrated in the central portion of the county, extending from Ansted in the north to Oak Hill in the south. This mirrors the concentration of the county’s population in that portion of the county. The following tables illustrate FCNB’s distribution of loans to individuals within each income geography, based on a sample of loans:

<b><i>Unsecured Consumer Loans to Individuals of Different <u>Income Geographies</u> Within the AA</i></b>				
<b>Income Geography</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Amount of Loans</b>	<b>Percent of Amount</b>
<b>Low*</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Moderate</b>	<b>7</b>	<b>23%</b>	<b>\$18,672</b>	<b>36%</b>
<b>Middle</b>	<b>24</b>	<b>77%</b>	<b>\$33,187</b>	<b>64%</b>
<b>Upper*</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total</b>	<b>31</b>	<b>100%</b>	<b>\$51,859</b>	<b>100%</b>
<b><i>Home Purchase Loans to Individuals of Different <u>Income Geographies</u> Within the AA</i></b>				
<b>Income Geography</b>	<b>Number of Loans</b>	<b>Percent of Loans</b>	<b>Amount of Loans</b>	<b>Percent of Amount</b>
<b>Low*</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Moderate</b>	<b>4</b>	<b>19%</b>	<b>\$68,780</b>	<b>12%</b>
<b>Middle</b>	<b>17</b>	<b>81%</b>	<b>\$512,107</b>	<b>88%</b>
<b>Upper*</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total</b>	<b>21</b>	<b>100%</b>	<b>\$580,887</b>	<b>100%</b>

\* There are no low- or upper-income geographies within the bank’s AA.



◆ **Response to Complaints**

FCNB has received no CRA related complaints since its prior CRA evaluation in January 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 consumer loans, comparing approved male applicants to denied female applicants. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.