



INTERMEDIATE SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Progressive Bank, National Association
Charter Number 16248

1701 Warwood Avenue
Wheeling, WV 26003

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this 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. 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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INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

- PBNA's record of originating loans is reasonable as evidenced by its loan-to-deposit ratio as compared to the average loan-to-deposit ratio of its custom peer group.
- PBNA originated a substantial majority of its residential real estate and small business loans within its combined assessment areas (AAs).
- PBNA's record of originating residential real estate and small business loans reflects reasonable dispersion among AA geographies.
- PBNA's record of originating residential real estate and small business loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- PBNA's record of originating community development (CD) loans reflects responsiveness to the needs of its AAs.
- PBNA's record of funding CD investments and donations reflects responsiveness to the needs of its AAs.
- PBNA representative's participation in CD services reflects responsiveness to the needs of its AAs.

Scope of Examination

We conducted an examination of Progressive Bank N.A (PBNA) for the purpose of evaluating its performance relative to the Community Reinvestment Act (CRA). The scope of the CRA examination included a review of PBNA's record of originating its primary loan products and PBNA's record of funding community development (CD) loans, investments and services.

PBNA's primary loan products consist of residential mortgage and small business loans. PBNA's record of originating residential mortgage and small business loans was evaluated over the period between January 1, 2005 and September 30, 2007. The evaluation period relative to PBNA's lending performance represents the current year and two years prior. Residential mortgage lending includes home purchase, home improvement and home mortgage refinance loans.

In order to evaluate PBNA's record of originating residential mortgage loans, we analyzed loan data PBNA collected and reported in accordance with Home Mortgage Disclosure Act (HMDA) requirements. In order to ensure the reliability of HMDA loan data, we performed a data integrity examination during the fourth quarter of 2006.

In conjunction with the data integrity examination, we evaluated processes employed by PBNA to ensure the accuracy of collected HMDA data and tested a sample of PBNA's reported HMDA loans. Specifically, we tested the accuracy of PBNA's HMDA loan data by comparing it against PBNA's loan file documentation. The data integrity examination revealed that PBNA's publicly available HMDA loan data could be relied upon for the purposes of this CRA evaluation.

In order to evaluate PBNA's record of originating small business loans, we collected data from a random sample of small business loans originated by PBNA during the evaluation period described above. The sample of business loans was expanded to ensure that data was collected and analyzed from a minimum number of loans from each assessment area (AA). The minimum number of loans from which data was collected from each AA was equal to the lesser of either twenty loans or the total number of loans originated within an individual AA during the period.

PBNA's record of community development (CD) performance was evaluated over the period between July 2, 2001 and September 10, 2007. This period represents the time between the start of PBNA's last CRA exam and the start of its current CRA exam. CD related activities include CD loans, investments and services.

Description of Institution

PBNA is an independent interstate community bank. PBNA's headquarters and main office are located in Wheeling, West Virginia. PBNA is a wholly owned subsidiary of First WV Bancorp, Inc. First West Virginia Bancorp is headquartered in Elm Grove, West Virginia. Both Elm Grove and Wheeling, West Virginia are situated in Ohio County in the northeastern panhandle of West Virginia. Ohio County is located approximately 50 miles southwest of Pittsburgh, Pennsylvania.

As of June 30, 2007, PBNA's assets totaled \$245 million, deposits totaled \$204.6 million and tier one capital totaled \$24.2 million. Net loans and leases totaled \$118 million, representing 48% of total assets. Assets included investments of \$107.6 million, real estate loans of \$87.8 million, commercial loans of \$19.8 million, and individual loans of \$13.0 million. The remainder of PBNA's asset mix consisted of agricultural and other loans. PBNA's loan portfolio included residential (1-4 family) mortgage loans, commercial mortgage loans and commercial & industrial loans which represented 27.9%, 35.9%, and 6.5% respectively of PBNA's lending. Construction and development, municipal, multifamily and individual loans comprise the majority of the remainder of PBNA's loan portfolio. Since residential mortgage and small business loans represent significant portions of PBNA's loan portfolio, they are considered to be PBNA's primary loan products. PBNA's strategy is to continue to originate residential mortgage and business loans in its market area.

PBNA operates its branch network in seven counties across two states. The counties which house PBNA branches include: Brooke, Upshur, Marshall, Wetzel, Lewis and Ohio Counties in West Virginia and Belmont County in Ohio. PBNA operates nine full service branch offices. During the evaluation period, PBNA opened three new branch offices within its AAs. Of the three new branches, one was opened in a moderate-income geography and two were opened in middle-income geographies. During the period, PBNA closed one facility located in a moderate-income geography. The closed facility was situated within a retail store and did not operate as a full service branch. The closed facility served residents of the same moderate-income geography as one of the full service branch offices opened during the period. In fact, the locations which opened and closed within the moderate-income geography were situated within one mile of one another. Automated teller machines are located in conjunction with each of PBNA's nine branch office locations.

There are no factors, legal or otherwise, which would hinder PBNA's ability to help meet the credit needs of its AA's. PBNA's last Public Evaluation (PE) was dated July 2, 2001 and the overall CRA rating assigned was "Satisfactory."

Selection of Areas for Full-Scope Review

PBNA operates branch offices within two multi-state Metropolitan Statistical Areas (MSAs) as well as within three counties in West Virginia which are not located within MSAs. The two multi-state MSAs in which PBNA operates branch offices are the Wheeling West Virginia/Ohio MSA and the Weirton-Steubenville West Virginia/Ohio MSA. The Wheeling WV/OH multi-state MSA consists of Marshall and Ohio Counties in West Virginia and Belmont County in Ohio. The Weirton-Steubenville WV/OH multi-state MSA consists of Brooke and Hancock Counties in West Virginia and Jefferson County in Ohio.

Within the Weirton-Steubenville WV/OH multi-state MSA, PBNA operates one branch office in Brooke County West Virginia. The total population of the three-county, Weirton-Steubenville WV/OH multi-state MSA is less than 250,000, totaling just 132,000 residents. Additionally, within its Weirton-Steubenville MSA, PBNA only operates branch offices in West Virginia. Therefore, we did not evaluate PBNA's performance in the Weirton-Steubenville WV/OH MSA separately for the purpose of assigning a separate multi-state MSA rating. Rather, we evaluated PBNA's performance in Brooke County West Virginia in combination with PBNA's performance in non-MSA West Virginia Counties for the purposes of assigning a West Virginia state rating.

PBNA has designated four separate AAs. PBNA's AAs are comprised of seventy-two (72) geographies consisting of seven whole West Virginia and Ohio counties in their entirety. The geographies are located within Belmont County, Ohio and Marshall, Ohio, Lewis, Upsher, Wetzel and Brooke Counties in West Virginia. Marshall and Ohio Counties in West Virginia and Belmont County in Ohio comprise the Wheeling WV/OH multi-state MSA. Lewis, Upsher and Wetzel Counties in West Virginia are not located within an MSA.

PBNA designated adjacent Lewis and Upsher Counties in West Virginia as one AA and non-adjacent Wetzel County, West Virginia as another AA. Lewis, Upsher and Wetzel Counties in West Virginia are all West Virginia non-MSA counties. Therefore, we combined PBNA's performance in these three non-MSA West Virginia counties for analysis purposes. Brooke County, West Virginia is located within the Weirton-Steubenville, WV/OH, MSA. Therefore, we evaluated PBNA's performance in Brooke County separately from PBNA's performance in the West Virginia non-MSA counties. PBNA's performance in its West Virginia non-MSA counties and its performance in Brooke County were considered in arriving at conclusions regarding PBNA's performance in the State of West Virginia.

PBNA's branch offices and ATMs are located within its AAs. PBNA's AAs meet regulatory requirements and do not arbitrarily exclude any low-or moderate-income geographies.

In arriving at the overall conclusions for PBNA's performance in each of its AAs, more weight was placed on PBNA's performance in its Wheeling MSA AA than in its West Virginia non-MSA AA or its Brooke County AA. More weight was placed on PBNA's

performance in its Wheeling MSA AA since this is the AA in which PBNA operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans.

Ratings

The bank's overall rating is a blend of the multi-state metropolitan area rating and state rating.

The institution's CRA rating takes into account the ratings in different states/multistate metropolitan areas by considering:

- The significance of the bank's activities in each state/multistate metropolitan area compared with the bank's overall activities.
- The lending opportunities in each state/multistate metropolitan area.
- The importance of the bank in providing loans to each state/multistate metropolitan area, particularly in light of the number of other institutions and the extent of their activities in each state/multistate metropolitan area.
- Demographic and economic conditions in each state/multistate metropolitan area.

Refer to the "Scope" section under each State and Multi-state Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Multi-state Metropolitan Area Rating

Wheeling West Virginia/Ohio MSA

CRA Rating for the Wheeling WV/OH MSA: Satisfactory.

The Lending test is rated: Satisfactory.

The Community Development test is rated: Outstanding.

- PBNA originated residential real estate loans to West Virginia AA borrowers of different incomes.
- PBNA originated small business loans to West Virginia AA businesses of different sizes.
- PBNA originated residential real estate loans among its Wheeling MSA AA geographies.
- PBNA originated small business loans among its Wheeling MSA AA geographies.
- PBNA originated a significant dollar amount of CD loans which benefit its Wheeling MSA AA.
- PBNA funded a CD investment and CD donations which benefit its Wheeling MSA AA.
- PBNA representatives participated in CD services which benefit its Wheeling MSA AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WHEELING WEST VIRGINIA / OHIO MULTISTATE METROPOLITAN AREA

PBNA has its strongest presence in its Wheeling MSA AA, relative to its other AAs. According to FDIC market share reports, PBNA ranked eighth for deposit market share among financial institutions taking deposits within its Wheeling MSA AA. PBNA garnered 5% of the total dollar amount of deposits within the Wheeling MSA AA.

Throughout its AAs, PBNA operates nine branch office locations. PBNA's physical presence within its Wheeling MSA AA consists of five branch office locations. Relative to PNBA's total branch network, its Wheeling MSA branches represent 55% of the total.

PBNA's Wheeling MSA AA is predominately suburban in nature. The Wheeling MSA AA consists of whole contiguous geographies located within Belmont County in Ohio,

and Marshall and Ohio Counties in West Virginia. PBNA's Wheeling MSA AA geographies total forty-nine. Of the forty-nine geographies which comprise PBNA's Wheeling MSA AA, two, twelve, twenty-five and ten are categorized as low, moderate, middle and upper-income respectively. Of the five Wheeling MSA AA branch offices three, representing 60%, are located within moderate-income AA geographies.

For PBNA's Wheeling MSA AA, 2000 census data reports a total population of 153,172, total households of 62,347 and total families of 41,781. HUD data, updated for 2007, reports the Wheeling MSA AA median family income to be \$48,200. Demographic information derived from annually updated HUD data, also reports that of total AA families, 20%, 18%, 22%, and 40% are of low, moderate, middle and upper-income respectively.

For PBNA's Wheeling MSA AA, the majority of households (68%) were supported by wage or salaried jobs. For the same years, of Wheeling MSA AA households, 18% report persons over sixty five, 35% derive income from social security and 16% subsist below poverty level. The 2000 census data also reports that for total Wheeling MSA AA housing units, 66% were owner occupied and the median housing value equaled \$64,574. Housing stock consisted primarily of older homes with a median year built of 1954. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low and moderate-income borrowers impacted by issues concerning housing availability and affordability.

According to 2007 business demographic data, 8,519 businesses operate within PBNA's Wheeling MSA AA, of which 297 are farms. Small Wheeling MSA AA businesses, which report revenues less than or equal to \$1 million, total 5,566 and represent 65% of total Wheeling MSA AA businesses. Approximately 55% of Wheeling MSA AA businesses reported having less than four employees. Of Wheeling MSA AA businesses, 37% are classified as service related and 19% are classified as retail trade. Additional Wheeling MSA AA businesses are classified as follows: finance, insurance and real estate (7%), construction (7%), transportation and communication (4%), manufacturing (3%), wholesale trade (3%), agriculture, forestry and fishing (3%) and public administration (3%). Of the remaining Wheeling AA businesses, 13% are considered to be non-classified.

PBNA encounters competition within its Wheeling MSA AA for both deposits and loans. Area competition is considered to be very strong and emanates from local community banks and regional financial institutions. Specifically, Wheeling MSA AA competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. Sixty-two percent of the banks local competitors operate three or more branches within the Wheeling MSA and include Wesbanco Bank, United Bank, and Citizens Savings Bank. Additional competitors operating multiple branch offices within the AA include larger multi-state financial institutions such as Branch Banking and Trust Co (BB&T), JP Morgan Chase Bank, Sky Bank, and National City Bank. Of PBNA's competitors within the Wheeling MSA AA, Wesbanco has garnered the largest deposit market share and operates 16 branch office locations.

Examiners initiated contact with one community-based organization within PBNA's Wheeling MSA AA. Specifically, examiners contacted the finance manager of a local regional economic development partnership. The contact identified community credit needs for small business working capital and residential real estate financing. The contact also identified community needs for commercial real estate development and job creation. The contact described the loss of major local employers including Wheeling Pittsburgh Steel and Weirton Steel and the resulting impact on area employment. The contact indicated that local employers experience difficulty in attracting employees to fill area jobs and cited absentee, commercial building landlords as a concern. The contact cited limited growth for local banks describing the banking environment as both conservative and competitive.

SCOPE OF EVALUATION IN THE WHEELING WEST VIRGINIA / OHIO MULTISTATE METROPOLITAN AREA

In arriving at the Lending Test conclusions, more weight was placed on PBNA's performance in its Wheeling MSA AA since this is the AA in which PBNA operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans.

PBNA's record of lending was evaluated by measuring and analyzing residential mortgage and small business loans originated by PBNA during 2005, 2006 and the first three quarters of 2007. Similar weight was placed on PBNA's record of originating residential mortgage and small business loans since both are considered primary loan products and loan volume was not dissimilar.

Residential mortgages consist of loans with purposes of home purchase, home improvement and/or home mortgage refinance. PBNA reported its residential real estate loan originations according to Home Mortgage Disclosure Act (HMDA) requirements. In order to evaluate PBNA's record of originating residential mortgage loans, we measured and analyzed PBNA's reported HMDA data. In order to evaluate PBNA's record of originating small business loans, we measured and analyzed PBNA loan data collected from a random sample of non-farm, non-residential, real estate loans and commercial and industrial loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WHEELING WEST VIRGINIA / OHIO MULTISTATE METROPOLITAN AREA

PBNA's performance within its Wheeling West Virginia / Ohio multi-state metropolitan area is "satisfactory."

Conclusions with respect to PBNA's performance in the Wheeling WV/OH multi-state MSA were based on PBNA's performance in its Wheeling MSA AA. Conclusions were

based on PBNA's record of originating residential real estate, originating small business loans, funding CD loans and investments, and participating in CD services

PBNA's record of originating residential real estate and small business loans reflects reasonable penetration among Wheeling MSA AA borrowers of different income levels and businesses of different sizes. PBNA's record of originating residential real estate and small business loans reflects reasonable dispersion among Wheeling MSA AA geographies regardless of income level. In addition, PBNA's record of funding CD loans and donations and participating in CD services reflects excellent responsiveness to the needs of its West Virginia AAs.

LENDING TEST

The bank's performance under the lending test in the Wheeling West Virginia / Ohio MSA is rated "satisfactory."

Loan-to-Deposit Ratio

PBNA's loan-to-deposit ratio as compared to the average loan-to-deposit exhibited by peer banks over the same period is reasonable.

The analysis of PBNA's record of lending, measured by its loan to deposit ratio, was performed at the bank level. In order to evaluate PBNA's record of lending, we compared PBNA's loan to deposit ratio against the average loan-to-deposit ratio of a local peer group of banks. The local peer group consisted of banks with assets totaling \$500 million or less located within the seven West Virginia and Ohio counties in which PBNA operates.

Lending activity over the evaluation period was measured by comparing the twenty-four quarter average, loan-to-deposit ratios reported by PBNA and its local peer group. The twenty-four quarter average loan-to-deposit ratio was calculated using financial data reported since the previous evaluation. The twenty-four quarters under analysis started 9/30/01 and ran through 6/30/07.

PBNA's record of originating loans compares reasonably to its peer group, particularly given the context in which PBNA operates. PBNA reported a twenty-four quarter average loan-to-deposit ratio of 59%. In comparison, the local peer group reported an average loan-to-deposit ratio of 69%. The local peer group average was impacted by two loan-to-deposit ratios considered to be outliers.

Of the two loan-to-deposit ratios considered to be outliers, one was considered to be significantly higher (98%) and the other was considered to be significantly lower (43%) than the peer group average. Removing the two outlying ratios from the peer group calculation produced an average ratio of 67% over the evaluation period. PBNA's loan to deposit ratio of 59% compares reasonably to the adjusted custom peer group, loan-to-deposit ratio of 67%.

PBNA's opportunities to lend are also impacted by area loan demand and competition. Lending opportunities are affected by loan demand, which is impacted by housing availability and affordability. Lending opportunities are also impacted by competition emanating from other loan originators.

Lending in Assessment Area

PBNA originated a substantial majority of residential mortgage loans and small business loans inside its combined AAs.

The analysis of PBNA's record of lending in its AAs was performed at the bank level. In order to evaluate this record, we measured and analyzed PBNA's record of originating loans inside versus outside of its combined AAs. Further, this analysis focused on PBNA's record of originating residential mortgage and small business loans within its combined AAs, since these loans constitute PBNA's primary loan products.

Lending in the AAs was assessed by measuring and analyzing residential real estate and small business loans originated by PBNA during 2005, 2006 and the first three quarters of 2007. We analyzed residential real estate data collected and reported over the evaluation period, according to Home Mortgage Disclosure Act (HMDA) requirements. PBNA's residential real estate loan originations included loans for purposes of home purchase, home improvement and home refinance. We also analyzed small loans to businesses by collecting data from a random sample of loans originated by PBNA.

PBNA's residential real estate data revealed that 92% and 90%, respectively, of the number and dollar amounts of home mortgage loans originated were within PBNA's combined AAs during the evaluation period. Similarly, PBNA's small business data revealed that 93% and 89%, respectively, of the number and dollar amounts of small business loans were originated within PBNA's combined AAs during the evaluation period.

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

PBNA's record of originating residential real estate and small business loans reflects a reasonable dispersion among Wheeling MSA AA borrowers of different income levels and businesses of different sizes.

Wheeling MSA AA - Residential Real Estate Lending

Data collected and reported by PBNA in accordance with HMDA requirements, reflecting residential real estate loan originations in its Wheeling MSA AA was analyzed. The analysis was performed to assess PBNA's record of distributing its residential real estate loan originations among Wheeling MSA AA borrowers of different income levels.

Demographic data, compiled during the 2000 census for PBNA's Wheeling MSA AA, reports income levels of AA families as follows:

- 19.89% of Wheeling non-MSA AA families are low-income families
- 18.65% of Wheeling non-MSA AA families are moderate-income families
- 21.95% of Wheeling non-MSA AA families are middle-income families
- 39.50% of Wheeling non-MSA AA families are upper-income families

Wheeling MSA AA demographic information derived from annually updated HUD data. Low-income Wheeling MSA AA families, by definition, are families with annual incomes below \$24,100. Moderate-income Wheeling MSA AA families, by definition, are families with annual incomes between \$24,100 and \$38,560.

The following table details the distribution of residential real estate loans originated by PBNA during the evaluation period in its Wheeling non-MSA AA among borrowers of different income levels.

Wheeling MSA AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of PNBA Number of Loans	% of AA Families	% of PBNA Number of Loans	% of AA Families	% of PBNA Number of Loans	% of AA Families	% of PBNA Number of Loans
Home Purchase	19.89%	6.45%	18.65%	35.48%	21.95%	19.35%	39.50%	38.71%
Home Improvement	19.89%	17.22%	18.65%	18.54%	21.95%	24.50%	39.50%	39.74%
Home Mortgage Refinance	19.89%	16.22%	18.65%	24.32%	21.95%	27.03%	39.50%	32.43%

As noted in the table above, PBNA’s record of originating residential mortgages to low-income AA borrowers does not reflect the percentage of Wheeling MSA AA families that are classified as low-income. PBNA’s record of originating home improvement loans to low-income AA borrowers approximates the percentage of AA families that are classified as low-income. PBNA’s record of originating home purchase and home mortgage refinance loans to moderate-income AA borrowers however, significantly exceeds the percentage of moderate-income AA families.

Opportunities to originate residential real estate loans within the Wheeling MSA AA may be impacted by demographics, including the extent to which the Wheeling MSA AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level.

Wheeling MSA AA Small Business Lending

Data collected from a sample of PBNA’s small business loan originations in its Wheeling MSA AA was analyzed. The analysis was performed to assess PBNA’s record of

distributing its small business loan originations among Wheeling MSA AA businesses of different sizes. Specifically, we collected and analyzed data from 35 small business loans that PBNA originated to Wheeling MSA AA businesses.

Business demographic data compiled from the 2000 census for PBNA's Wheeling MSA AA shows the following revenue results:

- 64.19% of AA business report annual revenues < or = \$1 million
- 0.06% of AA business report annual revenues > than \$1 million
- 30.00% of AA businesses did not report annual revenues

Wheeling MSA AA demographic information, derived from Dunn and Bradstreet reports, shows that of all AA businesses 64% are classified as small. Small business loans are defined as those loans made to business enterprises whose annual gross revenues are \$1 million or less.

Of total Wheeling MSA AA businesses, 5,750 or 69.9% reported annual revenues. Of the Wheeling MSA AA businesses which reported annual revenues, 91.9% reported annual revenues less than or equal to \$1million and 0.08% reported annual revenues greater than \$1 million. Comparatively, 77.1% of business loans originated by PNBA were to Wheeling MSA AA small businesses.

PBNA has demonstrated responsiveness to the needs of Wheeling MSA AA small businesses. The majority of small business loans originated by PBNA to AA businesses represent the smaller dollar amounts needed by small AA businesses. For example, of analyzed AA small business loans, 65.7% were originated for dollar amounts of \$50,000 or less.

Geographic Distribution of Loans

PBNA's record of originating residential mortgage and small business loans among Wheeling MSA AA geographies of different income levels reflects an excellent dispersion among AA geographies.

Wheeling MSA AA Residential Real Estate Lending

Data collected and reported by PBNA in accordance with HMDA requirements was analyzed. The analysis was performed to assess PBNA's record of distributing its residential real estate loan originations among Wheeling MSA AA geographies of different income levels. Collected and reported data revealed that PBNA originated 238 residential real estate loans to Wheeling MSA AA borrowers during the evaluation period.

Demographic data compiled during the 2000 U.S. census for PBNA's Wheeling MSA AA indicates that owner-occupied AA housing is geographically dispersed as follows:

- 0.78% of AA owner occupied housing is located in low-income geographies.
- 9.86% of AA owner occupied housing is located in moderate-income geographies
- 68.87% of AA owner occupied housing is located in middle-income geographies
- 20.49% of AA owner occupied housing is located in upper-income geographies

Wheeling MSA AA demographic information derived from 2000 census data reports that just 0.8% and 9.9% are located within the Wheeling MSA AA's low and moderate-income geographies, respectively. The vast majority of all owner-occupied housing is located in the AA's middle and upper-income geographies.

The following table details the distribution of residential real estate loans originated by PBNA during the evaluation period in its Wheeling MSA AA among geographies of different income levels.

Table 3 – Geographic Distribution of Residential Real Estate Loans in Wheeling MSA AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of PBNA Number of Loans	% of AA Owner Occupied Housing	% of PBNA Number of Loans	% of AA Owner Occupied Housing	% of PBNA Number of Loans	% of AA Owner Occupied Housing	% of PBNA Number of Loans
Home Purchase	.78	3.13	9.86	9.38	68.87	50.00	20.49	37.50
Home Improvement	.78	1.82	9.86	10.91	68.87	61.21	20.49	26.06
Home Refinance	.78	0.00	9.86	15.79	68.87	63.16	20.49	21.05

Source: Data reported under HMDA; U.S. Census data.

As noted in the table above, PBNA's record of originating home purchase and home improvement loans within low-income AA geographies exceeds the percentage of owner-occupied housing available within these low-income AA geographies. PBNA's record of originating home mortgage refinance loans in low-income AA geographies approximates the percentage of AA owner-occupied housing available within these geographies.

PBNA's record of originating home purchase loans within moderate-income AA geographies approximates the percentage of owner-occupied housing available within these moderate-income AA geographies. PBNA's record of originating home improvement and home mortgage refinance loans in moderate-income AA geographies exceeds the percentage of AA owner-occupied housing available within these geographies.

Wheeling MSA AA Small Business Lending

Data collected from a sample of PBNA's small business loans originated in its Wheeling MSA AA was analyzed. The analysis was performed to assess PBNA's record of distributing small business loan originations among Wheeling MSA geographies of different income levels. Specifically, we sampled 35 small business loans that PBNA originated to Wheeling MSA AA businesses.

Demographic data compiled during the 2000 U.S. census for PBNA's Wheeling MSA AA indicates that AA businesses are geographically dispersed as follows:

- 2.64% businesses are located in low-income geographies
- 23.38% businesses are located in moderate-income geographies
- 53.34% businesses are located in middle-income geographies
- 20.64% businesses are located in upper-income geographies

PBNA's record shows that 5.7% and 22.9% of small business loans originated by PBNA were originated within low and moderate-income AA geographies, respectively. Comparatively, of AA businesses, 2.6% and 23.0% are located within low and moderate-income Wheeling MSA AA geographies, respectively.

PBNA's record of originating small business loans in Wheeling MSA AA low-income geographies exceeds the percentage of businesses located within low-income AA geographies. PBNA's record of originating small business loans in Wheeling MSA AA moderate-income geographies exceeds the percentage of businesses located within moderate-income AA geographies.

Responses to Complaints

No complaints have been received since the previous exam.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in the Wheeling West Virginia / Ohio MSA is rated "outstanding."

PBNA funds community development loans, investments and services which reflect excellent responsiveness to the needs of its Wheeling MSA.

Number and Amount of Community Development Loans

We determined that limited opportunities for community development lending exist within PBNA's Wheeling MSA AA. Competition emanating from both large regional and other area community financial institutions to originate CD loans is considered to be significant. PBNA, over the evaluation period, originated four CD loans totaling \$7,519,144 within its Wheeling MSA AA. The CD loans were responsive to AA credit needs. Furthermore, CD loans served to meet area needs for job creation and

commercial real estate development identified through our contact with a local community organization. The above mentioned CD loans originated by PBNA are described below.

In June 2007 PBNA originated a \$400,000 loan to a local low-income housing developer. The purpose of the loan was to finance the development of residential real estate for the construction of low-income housing. Once completed, the development will consist of 19 single family homes. All 19 units are reserved for leasing to low-income families. The residential real estate was developed to provide affordable housing for low-income Wheeling MSA AA residents.

In February 2007 the bank originated a loan totaling \$2,553,952 to a local low-income housing developer. The purpose of this loan was to finance the purchase of land and the development of a 50-unit low-income apartment complex. The apartment complex was developed for the purpose of providing affordable housing for low-income AA residents. Furthermore, the loan proceeds contributed to meeting area needs for residential real estate financing as identified through our contact with a local community organization.

In April 2006 PBNA originated a loan totaling \$272,000 to a local low-income housing developer. The purpose of the loan was to finance the purchase of land and the development of a 50-unit low-income apartment complex. The apartment complex was developed for the purpose of providing affordable housing for Wheeling MSA low-income residents.

In August and November 2003 the bank originated two loans totaling \$1,666,000 and \$1,134,000, respectively to a local development authority. The purpose of the loans was to finance a retail project in an area targeted for redevelopment by the county commission. The purpose of the development project was to provide economic stimulus and create jobs for the area. In May 2004, PBNA refinanced into a single loan the amounts which remained outstanding on each of the original two loans. The loan proceeds contributed to stabilizing and revitalizing an area targeted for redevelopment by the county commission to promote economic development and support permanent job creation. Furthermore, the loan served to meet area needs for job creation and commercial real estate development as identified through our contact with a local community organization.

In November 2001, PBNA originated a loan totaling \$1,493,192 to a local low-income housing developer. The purpose of the loan was to finance the development of a 48-unit affordable housing apartment complex wherein 100% of the units were reserved for low-income AA residents. Furthermore, the loan proceeds contributed to meeting area needs for residential real estate financing identified through our contact with a local community organization.

Since the last Public Evaluation, PBNA originated small business loans within its Wheeling MSA AA, which had purposes consistent with community development. These small business loans were responsive in meeting community credit needs and positively impacting PBNA's Wheeling MSA AA. These small business loans

contributed to meeting area needs for job creation and commercial and residential real estate development as identified through our contact with a local community organization. PBNA originated, over the evaluation period in its Wheeling MSA AA, the following small business loans with CD consistent purposes:

In May 2006, PBNA originated a \$25,000 working capital line of credit to a local chamber of commerce. The local chamber of commerce is located within and serves a moderate-income Wheeling MSA AA geography. The chamber assists local entrepreneurs and small business start-ups. The loan proceeds contributed to revitalizing and stabilizing a moderate-income Wheeling MSA AA geography.

In February 2004, PBNA originated an \$817,000 loan to a limited liability corporation consisting of an equity firm and a local economic development organization. The loan refinanced an existing community development corporation (CDC) loan originally extended for the purpose of purchasing a building in PBNA's Wheeling MSA AA. In addition to refinancing the CDC loan, the loan proceeds also financed building renovations. The purpose of this loan was to assist the local economic development corporation's efforts in creating local economic stimulus and new jobs within PBNA's Wheeling MSA AA. The loan proceeds contributed to promoting economic development and improvement within a moderate-income Wheeling MSA AA geography.

In July 2004, PBNA originated a loan totaling \$242,000 to a local industrial and business development corporation for the purpose of financing a portion of the retail development in an area targeted by the county commission. The organization creates business opportunities in PBNA's Wheeling MSA AA by encouraging and assisting new business start-ups, relocations and expansions. The loan proceeds contributed to stabilizing and revitalizing an area targeted for redevelopment by the county commission. In addition, to promote local economic stimulus, the loan served to meet area needs for job creation and real estate development as identified through our contact with a local community organization.

Number and Amount of Qualified Investments

We determined that limited opportunities for funding community development investments exist within PBNA's Wheeling MSA AA. Competition from both large regional and other area community financial institutions to purchase CD investments is considered to be significant.

PBNA, over the evaluation period, disbursed funds totaling \$516,092.50 to purchase one CD investment and grant twenty-six donations which benefited its Wheeling MSA AA. The CD investment and donations funded by PBNA were responsive to AA needs. Furthermore, the investment served to meet area needs for job creation and commercial real estate development as identified through our contact with a local community organization. The above mentioned CD investment purchased by PBNA is described below.

PBNA purchased a bond totaling \$500,000 issued by a regional economic development district. The bond benefited a local municipal authority. The development district was

created by a county commission during 2003. The district was created to develop and promote retail business within a local 300-acre site targeted for redevelopment by the commission. The purpose of the development project was to provide economic stimulus and create jobs for the area. The bond contributed to stabilizing and revitalizing nearby low-and moderate-income Wheeling MSA AA geographies. Furthermore, the investment served to meet area needs for job creation and commercial real estate development, identified through our contact with a local community organization.

Additionally, over the evaluation period, PBNA extended twenty-six (26) qualified grants and donations totaling \$16,092.50 which benefited its Wheeling MSA AA. These grants and donations supported local non-profit organizations focusing on various community development initiatives, which included serving the needs of low- and moderate-Wheeling MSA AA residents.

Extent to Which the Bank Provides Community Development Services

PBNA over the evaluation period participated in several CD services which were responsive to the needs of its Wheeling MSA AA. The CD services in which PBNA representatives participated were responsive to AA needs. Furthermore, CD services met area needs for job creation and commercial real estate development as identified through our contact with a local community organization. CD services in which PBNA representatives participated are described below.

A PBNA Vice President and Commercial Relationship Manager served in an advisory capacity for an organization that focuses on providing subsidized child care for low-income families. The organization provides child care services for low-income families in a low-income geography within PBNA's Wheeling MSA AA.

A PBNA Compliance Officer, Vice President and Retail Manger served on the Board of Directors of the Wheeling Habitat for Humanity. The organization provides affordable housing for low-and moderate-income Wheeling MSA AA residents.

A PBNA Vice President and Senior Loan Officer served on the Board of Directors of the local industrial business development corporation. The VP/SL served in an oversight capacity. The organization focuses on promoting economic development and job creation in the Wheeling MSA AA and West Virginia non-MSA AA.

A PBNA Vice President and Commercial Relationship Manager served in an advisory capacity to a local development authority. The organization's focus is to provide economic stimulus and create area jobs. The local development authority was formed by the county commission to develop and to promote retail and other business expansion in an area that was designated for redevelopment by the county commission.

Various PBNA employees participated in educating Wheeling MSA AA residents through a local community homebuyer investment program. The program operates as a business partnership among local lenders. The program was established to provide

instruction concerning various aspects of home buying and home ownership. The education is available without charge to low- and moderate-income AA individuals and families.

Accessibility of Services

PBNA's services are accessible to Wheeling MSA AA residents through its branch office and ATM network as well as through its alternative delivery systems. In order to determine the extent of accessibility of PBNA's delivery systems, population demographics, branches and ATM locations were considered.

PBNA operates five of its nine full service branch offices within its Wheeling MSA AA. Of the five branch offices, three offices representing 60% of the total, are located within Wheeling MSA AA moderate-income geographies. In comparison, of the total Wheeling MSA AA population, 12.38% resides in moderate-income AA geographies. The vast majority of the Wheeling MSA AA population however, resides within middle-and upper-income AA geographies.

Of the five branches, two were opened during the evaluation period. Of the two opened branches, one was opened during 2001 within a moderate-income AA geography. The other branch was opened during 2002 within a middle-income AA geography. PBNA's record of branch openings over the evaluation period has had a positive impact on the accessibility of delivery systems throughout its Wheeling MSA AA geographies.

PBNA also closed a limited service branch office on April 23, 2007. This limited service branch operated within a supermarket venue located within a Wheeling MSA moderate-income geography. PBNA however continues to serve AA residents previously banking through this venue through a full service branch office it opened and operates within the same moderate-income geography.

Additionally, PBNA provides accessibility to its services through its ATM network. PBNA operates five ATMs at branch locations within its Wheeling MSA AA. PBNA also maintains an internet website. The internet website provides accessibility to transaction services such as bill paying, loan paying, account transfers and account activity viewing.

PBNA's products, services and hours of operation are comparable among AA branch offices regardless of the income levels of geographies in which they operate. PBNA's operating hours between Monday and Friday are supplemented by Saturday morning hours at all but two branch offices. PBNA's traditional line of banking products and services are offered at all branch offices.

PBNA offers a variety of checking account products. One of the products is a no minimum balance, no monthly service fee checking account. The bank also provides these depositors with free checks.

PBNA maintains a twenty-four hour telephone banking system, providing customers with the ability to obtain loan and deposit account balance information, verify

transactions and transfer funds between accounts. Specific information on how low- and moderate-income AA residents are impacted by these services was not provided; therefore, significant weight was not placed on these alternative delivery systems.

Responsiveness to Community Development Needs

PBNA's CD loans, investments and services are considered to be very responsive to the needs of its Wheeling WV/OH multi-state MSA.

State Rating

State of West Virginia

CRA Rating for West Virginia: Satisfactory.

The Lending test is rated: Satisfactory.

The Community development test is rated Satisfactory.

- PBNA originated residential real estate loans to West Virginia AA borrowers of different incomes.
- PBNA originated small business loans to West Virginia AA businesses of different sizes.
- PBNA funded CD donations and grants which were responsive to the needs of its West Virginia AAs.
- PBNA representatives have participated in CD services which were responsive to the needs of its West Virginia AAs.

Note: The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states and assessment areas.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST VIRGINIA

PBNA has designated four AA's. PBNA's AAs are comprised of seventy-two (72) geographies comprising seven whole counties in their entirety. The geographies are located within Belmont County Ohio and Marshall, Ohio, Lewis, Upshur, Wetzel and Brooke Counties in West Virginia. Marshall and Ohio Counties in West Virginia and Belmont County Ohio are located within the Wheeling WV/OH multi-state MSA.

Lewis, Upshur and Wetzel Counties in West Virginia are not located within an MSA. Lewis and Upshur Counties are situated adjacent to one another, but not adjacent to Wetzel County. Therefore, PBNA has designated two separate West Virginia AAs, one of which is comprised of Lewis and Upshur Counties and the other is comprised of Wetzel County. As it pertains to this evaluation however, since Lewis, Upshur and Wetzel Counties are not located within an MSA, PBNA's performance in the three counties has been combined for analysis purposes. Brooke County West Virginia is located within the Weirton-Steubenville, West Virginia-Ohio, multi-state MSA. Since Brooke County is located in an MSA, PBNA's performance in Brooke County was analyzed separately.

West Virginia Non MSA AA

Over the evaluation period, according to FDIC market share reports, PBNA ranked seventh for deposit market share among financial institutions taking deposits from within its West Virginia non-MSA AA. Within its West Virginia non-MSA AA, PBNA has garnered 7% of the total dollar amount of West Virginia non-MSA AA deposits. PBNA encounters competition within its West Virginia non-MSA AA for both deposits and loans.

Of its relative presence within each of its AAs, PBNA has its strongest presence in its Wheeling MSA AA. Throughout its AAs, PBNA operates a total of nine branch office locations. PBNA's physical presence in its West Virginia non MSA AA consists of a branch network comprised of three office locations. Relative to PNBA's bank-wide, branch network, its West Virginia non MSA branches represent 33% of the total. Of the three branches within the West Virginia non-MSA AA, one branch was opened during the evaluation period in 2001.

PBNA's West Virginia non MSA AA is predominately rural in nature. PBNA's West Virginia non MSA AA consists of whole contiguous geographies located within Lewis, Upsher and Wetzel counties in West Virginia. PBNA's West Virginia non MSA geographies total sixteen. Of the sixteen geographies which comprise PBNA's West Virginia non MSA AA, thirteen and three were categorized as middle- and upper-income respectively. Of the sixteen West Virginia non-MSA AA geographies, none are classified as low- or moderate-income.

For PBNA's West Virginia non MSA AA, 2000 census data reports a total population of 50,016, total households of 23,134 and total families of 16,385. HUD data updated for 2007 reports the West Virginia non-MSA median family income to be \$41,600. Demographic information, derived from annually updated HUD data, also reports that of total AA families, 20%, 17%, 21%, and 42% are of low, moderate, middle and upper income respectively.

For PBNA's West Virginia non MSA AA, the majority of households (65%) were supported by wage or salaried jobs. For the same years, of West Virginia non-MSA AA households, 16% report persons over sixty five, 37% derive income from social security and 20% subsist below poverty level. The 2000 census data also reports that for 2007, of total West Virginia non-MSA AA housing units, 65% were owner occupied and the median housing value equaled \$62,331. Housing stock consists primarily of older homes with a median year built of 1967. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low- and moderate-income borrowers impacted by issues concerning housing availability and affordability.

According to the 2007 business demographic data, 3,810 businesses operate within PBNA's West Virginia non-MSA AA, of which 79 are farms. Small West Virginia non-MSA businesses, which report revenues less than or equal to \$1 million, total 1,825 and represent 47.9% of total West Virginia non-MSA AA businesses. Approximately 42% of West Virginia non-MSA businesses reported having less than four employees. Of West

Virginia non-MSA AA businesses, 35% are not classified establishments; however, 25% are classified as services. Additional West Virginia non MSA AA businesses are classified as follows: retail trade (14%), construction (5%), transportation and communication (4%), finance, insurance and real estate (4%), manufacturing (3%), wholesale trade (3%), agriculture, forestry and fishing (2%), public administration (2%) and mining (1%.)

Area competition is considered to be very strong and emanates from local community banks, regional banks, national non-bank financing institutions, and mortgage companies. Specifically, West Virginia non-MSA AA competition emanates primarily from several local and regional financial institutions, some of which have been established in the area for many years. Local competitors operating three or more branches within the West Virginia non-MSA AA include Peoples Bank and Wesbanco. Additional competitors operating multiple branch offices within the AA include First Community Bank and Citizens Bank of Weston. PBNA also competes for loans with a larger multi-state financial institution.

Examiners initiated contact with one community-based organization within PBNA's West Virginia non-MSA AA. Specifically, examiners contacted the executive director of an economic development authority serving a local non-MSA West Virginia County. The community contact described the area as robust and growing. The contact identified a community need for real estate development, citing an area shortage of higher priced residences. The contact also cited a community need for construction financing, mentioning the current development of several retail and/or recreation projects. Additionally, the contact identified a community need for entrepreneurial financing for small business start-ups. The Director credited local financial institutions with actively seeking opportunities to develop relationships with area business owners. He stated: "There is a sense of community and pride by all banks in the Upsher County Area."

Brooke County AA

Over the evaluation period, according to FDIC market share reports, PBNA ranked number four out of five for deposit market share among financial institutions taking deposits from within its Brooke County AA. Within its Brook County AA, PBNA has garnered 6% of the total dollar amount of Brooke County AA deposits. PBNA encounters competition within its Brooke County AA for both deposits and loans.

Of its relative presence within each of its AAs, PBNA has its strongest presence in its Wheeling MSA AA. Throughout its AAs, PBNA operates a total of nine branch office locations. PBNA's physical presence in its Brooke County AA consists of a single branch office location. Relative to PNBA's bank-wide branch network, its Brooke County branches represent 11% of the total.

PBNA's Brooke County AA is situated within the Weirton-Steubenville WV/OH MSA. The Weirton-Steubenville WV/OH MSA consists of Brooke and Hancock Counties in West Virginia and Jefferson County in Ohio. PBNA's Brooke County AA consists of whole contiguous geographies located within Brooke County in West Virginia. PBNA's Brooke County contains seven geographies. Of the seven geographies which comprise

PBNA's Brooke County AA, all seven are categorized as middle-income. None of the Brooke County geographies are classified as low-, moderate-or upper-income.

For PBNA's Brooke County AA, 2000 census data reports total population of 25,447, total households of 10,410 and total families of 7,190. HUD data updated for 2007 reports the Brooke County AA median family income to be \$40,028. Demographic information derived from annually updated HUD data, also reports that for 2007, of total AA families, 17%, 18%, 25%, and 39% are of low, moderate, middle and upper-income respectively.

For PBNA's Brooke County AA, the majority of households (67%) were supported by wage or salaried jobs. For the same years, of Brooke County AA households, 18% report persons over sixty five, 37% derive income from social security and 11% subsist below poverty level. The 2000 census data also reports that for 2007, of total Brooke County AA housing units, 71% were owner occupied and the median housing value equaled \$64,688. Housing stock consists primarily of older homes with a median year built of 1959. These AA demographic factors impact loan demand for residential mortgage loans. Particularly affected is residential mortgage demand from low and moderate-income borrowers impacted by issues concerning housing availability and affordability.

According to the 2007 business demographic data, 1,097 businesses operate within PBNA's Brooke County AA, of which 17 are farms. Small Brooke County AA businesses, which report revenues less than or equal to \$ 1 million, total 672 and represent 61.3% of total Brooke County AA businesses. Approximately 51% of Brooke County AA businesses reported having less than four employees. Of Brooke County AA businesses, 35% are classified as service and 19% are classified as retail trade. Additional Brooke County AA businesses are classified as follows: construction (6%), finance, insurance and real estate (6%), transportation and communication (5%), manufacturing (4%), wholesale trade (3%), public administration (3%), agriculture, forestry and fishing (2%) and mining (1%). Of the remaining Brooke County AA businesses, 17% are considered to be non-classified.

Area competition is considered to be very strong and emanates from local community banks. Specifically, Brooke County AA competition emanates primarily from four other community banks, some of which have been established in the area for many years. Local competitors operating multiple branches within the Brooke County AA include Parkvale Savings Bank and Wesbanco.

Examiners initiated contact with one community-based organization within PBNA's Brooke County AA. Specifically, examiners contacted the president of a local chamber of commerce. The community contact described the area as depressed as a result of recent workforce reductions by two of the largest local employers. The contact identified a community need resulting from the loss of employment opportunities to reduce debt burden for borrowers in the form of short term interest-free loans, interest rate reductions and fee reductions. The contact advised that current economic conditions have impacted the contributions of local financial institution. He also cited active involvement by area banks in the sponsorship of and participation in local

community activities including financial workshops.

SCOPE OF EVALUATION IN WEST VIRGINIA

In arriving at the Lending Test conclusions bank-wide, more weight was placed on PBNA's performance in its Wheeling multi-state MSA AA than in its West Virginia non-MSA AA or its Brooke County AA. More weight was placed on PBNA's performance in its Wheeling MSA AA, since bank-wide, this is the AA in which PBNA operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans.

For purposes of arriving at the Lending Test conclusions for the State of West Virginia, more weight was placed on PBNA's performance in its West Virginia non-MSA AA than in its Brooke County AA. More weight was placed on PBNA's performance in its West Virginia non-MSA AA since, within the West Virginia AAs, this is the AA in which PBNA operates the majority of its branch offices, derives the majority of its deposits and originates the majority of its loans.

In arriving at the Lending Test conclusions, similar weight was placed on PBNA's record of originating residential mortgage and business purpose loans since loan volume over the evaluation period for these products was not dissimilar. PBNA's record of originating residential mortgage loans was measured by evaluating PBNA's home purchase, home improvement and home mortgage refinance loan originations.

Also for the Lending Test, consideration was given to the fact that PBNA's non-MSA AA and Brooke County MSA AA do not contain any low-or moderate-income geographies.

Consideration was also given to the fact that PBNA's non-MSA AA does, however, contain middle-income geographies that are designated as distressed.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST VIRGINIA

PBNA's performance within the State of West Virginia is satisfactory.

Conclusions with respect to PBNA's performance in the State of West Virginia were based on PBNA's performance in its West Virginia non-MSA AA and its Brooke County AA. Conclusions, with respect to PBNA's performance in these AAs were based on PBNA's record of originating residential real estate and small business loans in addition to PBNA's record of funding CD loans and investments and participating in CD services.

PBNA's record of originating residential real estate and small business loans reflects reasonable penetration among West Virginia AA borrowers of different income levels and businesses of different sizes. In addition, PBNA's record of funding CD loans and donations and participating in CD services reflects adequate responsiveness to the needs of its West Virginia AAs.

LENDING TEST

The bank's performance under the lending test in the State of West Virginia is rated "satisfactory".

PBNA's record of originating residential real estate and small business loans, given AA demographics, reflects reasonable penetration among West Virginia AA borrowers of different income levels and businesses of different sizes.

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

West Virginia non-MSA AA Residential Real Estate Lending

Data collected and reported by PBNA reflecting residential real estate loans originated in its West Virginia non-MSA AA was analyzed. The analysis was performed to assess PBNA's record of distributing its residential real estate loan originations among West Virginia non-MSA AA borrowers of different income levels. Collected and reported data revealed that during the evaluation period, PBNA originated 104 residential real estate loans to West Virginia non-MSA AA borrowers.

Demographic data compiled during the 2000 census for PBNA's West Virginia non-MSA AA reports income levels of AA families as follows:

- 20.12% of West Virginia non-MSA AA families are low-income families
- 16.99% of West Virginia non-MSA AA families are moderate-income families
- 20.91% of West Virginia non-MSA AA families are middle-income families
- 41.99% of West Virginia non-MSA AA families are upper-income families

West Virginia non-MSA AA demographic information, derived from annually updated HUD data, reports that of all AA families, 20.1% and 17.0% are classified as low and moderate-income respectively. Low-income West Virginia non-MSA AA families, by definition, are families with annual incomes below \$20,800. Moderate-income West Virginia non-MSA AA families, by definition, are families with annual incomes between \$20,800 and \$33,280.

The following table details the distribution of residential real estate loans originated by PBNA during the evaluation period in its West Virginia non-MSA AA among borrowers of different income levels.

West Virginia non-MSA AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.12%	11.76%	16.99%	0%	20.91%	41.18%	41.99	47.06%
Home Improvement	20.12%	5.26%	16.99%	29.82%	20.91%	26.32%	41.99	38.60%
Home Mortgage Refinance	20.12%	12.00%	16.99%	24.00%	20.91%	32.00%	41.99	32.00%

PBNA's record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by PBNA its West Virginia non-MSA AA over the evaluation period, 11.8%, 5.3% and 12.0% were originated to low-income AA borrowers and 0%, 30.0% and 24.0% were originated to moderate-income AA borrowers. Comparatively as indicated above, of AA families, 20% and 17% are classified as low and moderate-income AA families respectively.

PBNA's record of originating residential mortgages to West Virginia non-MSA AA borrowers does not reflect the percentage of West Virginia non-MSA AA families that are classified as low-income, nevertheless it is considered to be reasonable.

PBNA's record of originating home purchase loans to moderate-income AA borrowers does not reflect the percentage of AA families that are classified as moderate-income. However, PBNA's record of originating home improvement and home mortgage refinance loans to moderate-income AA borrowers exceeds the percentage of AA families that are classified as moderate-income.

Opportunities to originate residential real estate loans within the West Virginia non-MSA AA may be impacted by demographics, including the extent to which the West Virginia non-MSA AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level.

Brooke County AA Residential Real Estate Lending

Data collected and reported by PBNA reflecting residential real estate loans originated in its Brooke County AA was analyzed. The analysis was performed to assess PBNA's record of distributing its residential real estate loan originations among Brooke County AA borrowers of different income levels. Collected and reported data revealed that during the evaluation period, PBNA originated 26 residential real estate loans to Brooke County AA borrowers.

Demographic data compiled during the 2000 census for PBNA's Brooke County AA reports income levels of AA families as follows:

- 17.20% of Brooke County AA families are low-income families
- 18.08% of Brooke County AA families are moderate-income families
- 25.23% of Brooke County AA families are middle-income families
- 39.49% of Brooke County AA families are upper-income families

Brooke County AA demographic information derived from annually updated HUD data reports that of all AA families, 17.20% and 18.80% are classified as low and moderate-income respectively. Low-income Brooke County AA families, by definition, are families with annual incomes below \$23,750. Moderate-income Brooke County AA families, by definition, are families with annual incomes between \$23,750 and \$38,000.

The following table details the distribution of residential real estate loans originated by PBNA during the evaluation period in its Brooke County AA among borrowers of different income levels.

Brooke County AA Borrower Distribution of Residential Real Estate Loans								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	17.20%	0.0%	18.08%	0.00%	25.23%	0.00%	39.49%	100%
Home Improvement	17.20%	30.77%	18.08%	23.08%	25.23%	7.69%	39.49%	38.46%
Home Mortgage Refinance	17.20%	0.00%	18.08%	37.50%	25.23%	50.00%	39.49%	12.50%

PBNA's record of originating residential real estate loans revealed that of home purchase, home improvement and home mortgage refinance loans originated by PBNA in its Brooke County AA over the evaluation period, 0.0%, 30.8% and 0.00% were originated to low-income AA borrowers and 0.00%, 23.08% and 37.50% were originated to moderate-income AA borrowers. Comparatively as indicated above, of AA families, 17.2% and 18.0% are classified as low-and moderate-income AA families respectively.

PBNA's record of originating home purchase and home mortgage refinance loans to low-income, Brooke County AA borrowers does not reflect the percentage of AA families that are classified as low-income. However, PBNA's record of originating home improvement loans to low-income AA borrowers significantly exceeds the percentage of AA families that are classified as low-income.

PBNA's record of originating home purchase loans to moderate-income, Brooke County AA borrowers does not reflect the percentage of AA families that are classified as moderate-income. However, PBNA's record of originating home improvement loans and home mortgage refinance loans to moderate-income AA borrowers exceed the percentage of AA families that are classified as moderate-income.

Opportunities to originate residential real estate loans within the Brooke County AA may be impacted by demographics, including the extent to which the Brooke County AA population is age 65 or older, retired, eligible for social security and/or at or below poverty level combined with the median AA housing value. Residential real estate lending opportunities may also be impacted by PBNA's minimal historic AA presence combined with significant competition.

West Virginia non-MSA Small Business Lending

Data collected from a sample of PBNA's small business loans, reflecting small business loans originated in its West Virginia non-MSA AA was analyzed. The analysis was performed to assess PBNA's record of distributing its business loan originations among West Virginia non-MSA businesses of different sizes. Specifically, during the evaluation period, we collected and analyzed data from 30 small business loans that PBNA originated to West Virginia non-MSA AA businesses.

Demographic data compiled during the 2000 census for PBNA's West Virginia non-MSA AA indicates that, of AA businesses which reported annual revenues, revenue was recorded as follows:

- 46.80% of AA business report annual revenues < or = \$1 million
- 3.4% of AA business report annual revenues > than \$1 million
- 49.80% or 1,858 of AA businesses did not report annual revenues

West Virginia non-MSA AA demographic information derived from Dunn and Bradstreet reports that of all AA businesses, 46.8% are classified as small. Small business loans are defined as those loans made to business enterprises whose annual, gross revenues are \$1 million or less.

Of total West Virginia non-AA businesses, 1,873 or 50.20% reported annual revenues. Of the 1,873 West Virginia non-MSA AA businesses which reported annual revenues, 93.2% reported annual revenues less than or equal to \$1 million and 6.8% reported annual revenues greater than \$1 million.

Comparatively, of business purpose loans originated by PBNA to businesses during the evaluation period, 63.0% of business loans were originated to West Virginia non-MSA AA small businesses.

Of small business loans originated by PBNA to West Virginia non-MSA AA businesses, a majority represent the smaller dollar amounts needed by AA businesses. For

example, of analyzed AA small business loans 53.3% were originated for dollar amounts of \$50,000 or less.

Brooke County Small Business Lending

Data collected from a sample of PBNA's small business loans, reflecting small business loans originated in its Brooke County AA was analyzed. The analysis was performed to assess PBNA's record of distributing its business loan originations among Brooke County AA businesses of different sizes. Collected data revealed that during the evaluation period, PBNA originated 11 small business loans to Brooke County AA businesses.

Demographic data compiled during the 2000 census for PBNA's Brooke County AA indicates that, of AA businesses which reported annual revenues, revenue was recorded as follows:

- 60.65% of AA business report annual revenues < or = \$1 million
- 4.91% of AA business report annual revenues > than \$1 million
- 34.44% or 372 of AA businesses did not report annual revenues

Brooke County AA demographic information derived from Dunn and Bradstreet reports that of all AA businesses, 60.7% are classified as small. Small business loans are defined as those loans made to business enterprises whose annual, gross revenues are \$1 million or less.

Of total Brooke County AA businesses, 708 or 65.56% reported annual revenues. Of the 708 Brooke County AA businesses which reported annual revenues, 92.5% reported annual revenues of < or = \$1million and 7.5% reported annual revenues of > \$1 million.

Comparatively, of business purpose loans originated by PBNA to businesses during the evaluation period, 80% of business loans were originated to Brooke County AA small businesses.

Of small business loans originated by PBNA to Brooke County MSA AA businesses, a majority represent the smaller dollar amounts needed by AA businesses. For example, of analyzed AA small business loans, 50% were originated for dollar amounts of \$50,000 or less.

Geographic Distribution of Loans

West Virginia non-MSA AA

PBNA's West Virginia non-MSA AA does not contain any low or moderate-income geographies. Therefore, an analysis of PBNA's record of residential real estate lending

among West Virginia non-MSA AA geographies would not have been meaningful and was not performed.

Brooke County AA

PBNA's Brooke County AA does not contain any low- or moderate-income geographies. Therefore, an analysis of PBNA's record of residential real estate lending among Brooke County AA geographies would not have been meaningful and was not performed.

Responses to Complaints

No complaints have been received since the last examination.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in West Virginia is rated "satisfactory".

PBNA funds community development donations and services reflect adequate responsiveness to the needs of its West Virginia AAs.

Number and Amount of Community Development Loans

PBNA did not originate any CD loans over the evaluation period which can be specifically attributed to PBNA's West Virginia non-MSA AA or its Brooke County AA. PBNA however, over the evaluation period, originated small business loans with primary purposes consistent with community development which were responsive to credit needs within its West Virginia AAs.

West Virginia non-MSA AA

We determined that limited opportunities for CD lending exist within PBNA's West Virginia AAs. Competition from both large regional and other area community financial institutions to originate CD loans is considered to be very strong.

PBNA, nevertheless, over the evaluation period within its West Virginia non-MSA AA, originated two small business loans which had primary purposes consistent with community development. These small business loans met credit needs within the West Virginia non-MSA AA. PBNA originated the following small business loan with CD consistent purposes, over the evaluation period in its West Virginia non-MSA AA:

In October of 2002, the bank originated a \$50,000 line of credit to finance working capital to a non-profit organization that provides a variety of services such as Medicaid waiver case management & homemaker services, personal care, and case management services to low and moderate-income elderly individuals. The loan

proceeds contribute to providing services to low and moderate-income, West Virginia non-MSA AA residents.

In March of 2002, the bank originated a \$25,000 line of credit to finance working capital to a regional non-profit organization whose primary mission is to provide assistance to low-income elderly persons. The program provides part time stipend volunteer services to low-income elderly persons and supportive services to assist adults having exceptional needs, development disabilities, or other special needs for assistance. The loan proceeds contribute to providing services to low-income, West Virginia non-MSA AA residents.

Brooke County AA Community Development Lending

PBNA did not originate any community development loans over the evaluation period which can be specifically attributed to PBNA's Brooke County AA.

We determined that limited opportunities for community development lending exist within PBNA's West Virginia AAs. Competition from both large regional and other area community financial institutions to originate CD loans is considered to be very strong.

Number and Amount of Qualified Investments

PBNA, over the evaluation period, extended qualified grants and donations which were responsive to community needs within its West Virginia AAs.

West Virginia non MSA AA

PBNA, over the evaluation period, extended seventeen (17) qualified grants and donations totaling approximately \$6,905.00, which were responsive to needs within its West Virginia non-MSA AA. These grants and donations benefited local non-profit organizations focusing on various community development initiatives including serving the needs of low- and moderate-income AA residents.

Brooke County MSA AA Community Development Investments

PBNA, over the evaluation period, extended a qualified donation which specifically benefited PBNA's Brooke County AA. The donation was responsive to a Brooke County AA community need.

Extent to Which the Bank Provides Community Development Services

PBNA, over the evaluation period, participated in several CD services which were responsive to the needs of its West Virginia AAs. CD services in which representatives of PBNA participated are described below.

West Virginia Non-MSA AA

PBNA, over the evaluation period, participated in several CD services which were responsive to the needs of its West Virginia non-MSA AA. West Virginia non-MSA AA CD services in which PBNA's representatives participated are described below.

A PBNA Branch Manager participated as a speaker for a program offered to local small businesses through the Service Corp of Retired Executives Organization also known as SCORE. SCORE is a non-profit organization which serves as a resource partner of the US Small Business Association. SCORE operates regional offices located throughout the country dedicated to the formation, growth and success of small businesses nationwide. The organization offers entrepreneurs small business advice and training.

A PBNA Branch Manager served on various committees contributing his expertise to a local non-profit economic development corporation. The purpose of the organization is to maintain and expand employment opportunities in Wetzel County. Wetzel County is a non-MSA West Virginia County located within PBNA's AAs. Of Wetzel County residents, 57% reside within distressed middle-income geographies.

A PBNA Branch Manager and a PBNA VP and Commercial Relationship Manager both served in an advisory capacity to an organization for which the mission is to improve the local workforce delivery system. This organization serves two of the counties situated in PBNA's non-MSA AA. One of the two counties served by this organization is Wetzel County. Of Wetzel County residents, 57% reside within distressed middle-income geographies.

A PBNA Branch Manager participated in the capacity of a speaker for the "Partners In Education's Get Smart About Credit Program." The program serves students from low-and moderate-income AA families.

A PBNA Vice President and Senior Loan Officer served on the Board of Directors of the local Industrial Business Development Corporation. The VP/SL served in an oversight capacity. The organization focuses on promoting economic development and job creation in the Wheeling MSA AA and West Virginia non-MSA AA.

Brooke County AA Community Development Services

PBNA, over the evaluation period, participated in a CD service which was responsive to a need within its Brooke County AA. The Brooke County CD service in which PBNA's representative participated is described below.

A PBNA Branch Manager served in an advisory capacity for a local non-profit organization that budgets and manages a 21-unit apartment complex operated to provide affordable housing for low-and moderate-income and disabled AA residents.

Accessibility of Services

PBNA's services are accessible to its West Virginia AA AA residents through its branch office and ATM network as well as through its alternative delivery systems. In order to determine the extent of accessibility of PBNA's delivery systems, population demographics, branches and ATM locations were considered.

PBNA operates three branch offices within its West Virginia non-MSA AA. Of the three branches within the West Virginia non-MSA AA, one branch is located in a middle-income distressed geography, representing 33% of total AA branches. This branch office was opened during the evaluation period in 2001. PBNA's West Virginia non-MSA AA contains no low or moderate-income geographies. However, PBNA's non-MSA AA does contain middle-income geographies that have been designated as distressed. In comparison, of the total West Virginia non-MSA AA population, 17.53% reside in middle-income distressed geographies. The remainder and vast majority of the banks AA population reside within middle and upper-income AA geographies.

PBNA maintains an internet website. The internet website provides accessibility to transaction services including such as bill paying, loan paying, account transfers and account activity viewing. PBNA offers a variety of checking account products. One of the products is a no minimum balance, no monthly service fee checking account. The bank also provides these depositors with free checks.

PBNA maintains a twenty-four hour telephone banking system, providing customers with the ability to obtain loan and deposit account balance information, verify transactions and transfer funds between accounts. Since the bank did not provide specific information on how low and moderate-income AA residents are impacted by these services, significant weight was not placed on these alternative delivery systems.

Responsiveness to Community Development Needs

PBNA's CD loans, investments and services are considered to be adequately responsive to the needs of its West Virginia non-MSA AA and its Brooke County AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test: January 1, 2005 - September 10, 2007) Community Development Test: July 2, 2001 - September 10, 2007	
Financial Institution	Products Reviewed	
Progressive Bank, NA (PBNA) Wheeling, West Virginia	Residential Mortgage Small Business	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> (Name of Affiliate (Abbreviation))		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Wheeling WV/OH MSA AA West Virginia non-MSA AA Brooke County AA	Full-Scope Full Scope Full Scope	

Appendix B: Summary of Multi-state Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Progressive Bank, NA	Satisfactory	Satisfactory	Satisfactory
Wheeling WV/OH Multistate MSA	Satisfactory	Outstanding	Satisfactory
West Virginia	Satisfactory	Satisfactory	Satisfactory