



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

November 25, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank in West Union
Charter Number 13881**

**101 West Main Street
West Union, WV 26456**

**Comptroller of the Currency
West Virginia Field Office
Laidley Tower, Suite 730
500 Lee Street, East
Charleston, WV 25301**

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.

We assigned the rating based on the following information:

- The bank's loan-to-deposit ratio is reasonable.
- A majority of the bank's loans were originated within their assessment areas.
- Analysis reflects reasonable penetration among individuals of different income levels.
- No public complaints related to the Community Reinvestment Act (CRA) have been filed since the last CRA examination.

DESCRIPTION OF INSTITUTION

First National Bank in West Union (FNB) is an independent \$64 million community bank with its main office situated in West Union, WV. FNB operates two full service branches located in Salem, WV and Pennsboro, WV. All offices have drive-through facilities. The bank does not operate any automated teller machines. No branches have been opened or closed, and there have not been any major changes in the bank's corporate structure since the last CRA examination. FNB received a satisfactory CRA rating at its last CRA performance evaluation dated June 12, 1997. There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area.

As of September 30, 2002, FNB's assets totaled \$64 million, of which net loans comprise 42%. The following table reflects the composition of FNB's loan portfolio based on the September 30, 2002 Call Report.

| Product Category | Gross Loans as of September 30, 2002* | |
|----------------------------|---------------------------------------|-------------|
| | Dollar (000's) | Percent |
| Commercial Real Estate | 5,897 | 23% |
| Residential Mortgage Loans | 14,889 | 57% |
| Individuals | 3,563 | 14% |
| All Other | 1,676 | 6% |
| Total | \$26,025 | 100% |

*Data obtained from Call Report.

We chose primary loan types based on the number of originations and outstanding balances, and through discussions with management about loan originations. As indicated in the table above, the bank's primary loan types based on outstanding balances are commercial loans and residential mortgage loans. A third primary loan product is consumer loans. Because commercial loans reflect a small number of originations and individual loans reflect a large number of originations, we chose residential mortgages and individual loans as our primary loan types for evaluation purposes.

DESCRIPTION OF ASSESSMENT AREAS

The bank has one assessment area (AA) located entirely in West Virginia. The AA consists of Doddridge County, which is the location of the Bank’s main office, Harrison County, which is the location of the Salem Branch, and Ritchie County, which is the location of the Pennsboro Branch. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. The AA includes 26 block numbering areas and census tracts.

Unemployment for Doddridge county is 4.6%, 4.7% for Harrison county, and 7.1% for Ritchie county compared to the state average of 5.5%. Population for this assessment area is 86,596. The area’s top three industries by distribution of employees are services, retail trade and manufacturing. Largest employers include Simonton Windows and County Boards of Education.

Banking in this AA is competitive. There are two independent financial institutions and a branch of a mid-sized bank in or near the towns where FNB’s offices are located. There are numerous other financial institutions in the more densely populated town of Clarksburg, in Harrison county.

Demographic Characteristics of Assessment Area

| | | |
|--|----------------------------------|----------|
| <u>Number of Geographies by Income Level:</u> | Low-Income | 0 |
| | Moderate-Income | 0 |
| | Middle-Income | 22 |
| | Upper-Income | 4 |
| | N/A | 0 |
| <u>Percent of Geographies by Income Level:</u> | Low-Income | 0 |
| | Moderate-Income | 0 |
| | Middle-Income | 84.62 |
| | Upper-Income | 15.38 |
| | N/A | 0 |
| <u>Percent of Population in each Tract</u> | Low-Income | 0 |
| | Moderate-Income | 0 |
| | Middle-Income | 83.12 |
| | Upper-Income | 16.88 |
| | N/A | 0 |
| <u>Percent of Families by Income Level:</u> | Low-Income | 19.39 |
| | Moderate-Income | 16.67 |
| | Middle-Income | 20.66 |
| | Upper-Income | 43.27 |
| <u>Median Housing Characteristics</u> | Median Home Value | \$42,272 |
| | Percent Owner-Occupied Units | 66.27 |
| | Median Gross Rent | \$290 |
| <u>Median Income Data:</u> | 1990 Census Median Family Income | \$22,654 |
| | Updated Median Family Income | \$31,000 |

Community Contact

At this examination, we conducted three community contacts with elected officials of county public offices. Information obtained from those contacts indicated that financial institutions are readily accessible. Financing for residential housing and consumer loans were identified as needs. Financial institutions are adequately meeting those needs.

CONCLUSIONS ABOUT PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Given the bank's size and location, FNB's loan to deposit ratio is reasonable. A review of bank data reveals that FNB is similarly situated to West Union Bank. Both institutions offer similar credit products and operate in portions of the same assessment area. FNB's average loan to deposit ratio the last 20 quarters beginning September 30, 1997, equals 48.86%. The following table compares the average loan to deposit ratio of FNB to a similarly situated bank and the average of banks in FNB's peer group.

| Institution Name | Loan to Deposit Ratio Comparison with similarly situated banks |
|-----------------------------------|--|
| First National Bank of West Union | 48.86% |
| West Union Bank | 64.47% |
| Peer Banks | 74.05% |

Lending in Assessment Areas

The bank is primarily a consumer lender and originated a majority of its total loans within their assessment area. The table that follows summarizes the results of our review of loans made in FNB's assessment area between June 30, 1997 and September 2002.

Lending Inside/Outside the Assessment Area

| Assessment Area: | Home Mortgage | | Consumer | | Total Loans | |
|-----------------------------------|---------------|----------|----------|----------|-------------|----------|
| | %Inside | %Outside | %Inside | %Outside | %Inside | %Outside |
| First National Bank of West Union | 100 | 0 | 100 | 0 | 100 | 0 |

Lending to Borrowers of Different Incomes

The distribution of loans, given the demographics of the AA, reflects reasonable penetration among borrowers of different income levels, including low- and moderate-income. The analysis of lending to borrowers of different income levels was completed using data maintained by the bank. FNB does not track income and geographic information for loan originations. We assessed the distribution of loans by income by sampling loan files for the primary loan types. We found the distribution of loans to be reasonable.

Borrower Distribution of Home Mortgage Loans

| Assessment Area: | Low-Income Families | | | Moderate-Income Families | | | Middle-Income Families | | | Upper-Income Families | | |
|------------------|---------------------|----------------|-----------------|--------------------------|----------------|-----------------|------------------------|----------------|-----------------|-----------------------|----------------|-----------------|
| | % Families | % BANK # Loans | % BANK \$ Loans | % Families | % BANK # Loans | % BANK \$ Loans | % Families | % BANK # Loans | % BANK \$ Loans | % Families | % BANK # Loans | % BANK \$ Loans |
| FNB | 19 | 17 | 10 | 17 | 20 | 18 | 21 | 30 | 24 | 43 | 33 | 48 |

The table above illustrates the distribution of home mortgage loans within the income levels compared to the percentage of families in each income level. The distribution of home mortgage loans to low-income borrowers is reasonable. The distribution is lower than the distribution of low-income families, however, this is mitigated by the fact that the majority of low-income families are below poverty level. The distribution of home mortgage loans to moderate-income borrowers is reasonable as the number of bank loans exceeds the percent of moderate-income families in the AA.

Borrower Distribution of Consumer Loans

| Assessment Area: | Low-Income Households | | | Moderate-Income Households | | | Middle-Income Households | | | Upper-Income Households | | |
|------------------|-----------------------|----------------|-----------------|----------------------------|----------------|-----------------|--------------------------|----------------|-----------------|-------------------------|----------------|-----------------|
| | % HH | % BANK # Loans | % BANK \$ Loans | % HH | % BANK # Loans | % BANK \$ Loans | % HH | % BANK # Loans | % BANK \$ Loans | % HH | % BANK # Loans | % BANK \$ Loans |
| FNB | 23 | 50 | 25 | 16 | 33 | 55 | 17 | 10 | 10 | 45 | 7 | 10 |

The table above illustrates the distribution of consumer loans within the income levels compared to the percentage of households in each income level. The distribution of consumer loans to low- and moderate-income borrowers is excellent. The distribution of loans (by number and dollar) to low- and moderate-income individuals exceeds the percentage of households in the AA.

Geographic Distribution of Loans

There are no low- or moderate-income geographies in FNB's AA. Geographic analysis would not be meaningful.

Responses to Complaints

FNB has not received any CRA-related complaints since the June 12, 1997 CRA examination.

Fair Lending Review

An analysis of the most recent year's public comments, consumer complaint information, and lending data was performed according to the OCC's risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in June 1997.