



PUBLIC DISCLOSURE

March 10, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank of Peterstown
Charter # 9721
220 Market Street
Peterstown, West Virginia 24963**

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

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **First National Bank of Peterstown** prepared by **the Office of the Comptroller of the Currency**, the institution's supervisory agency, as of March 10, 1998. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **Satisfactory**.

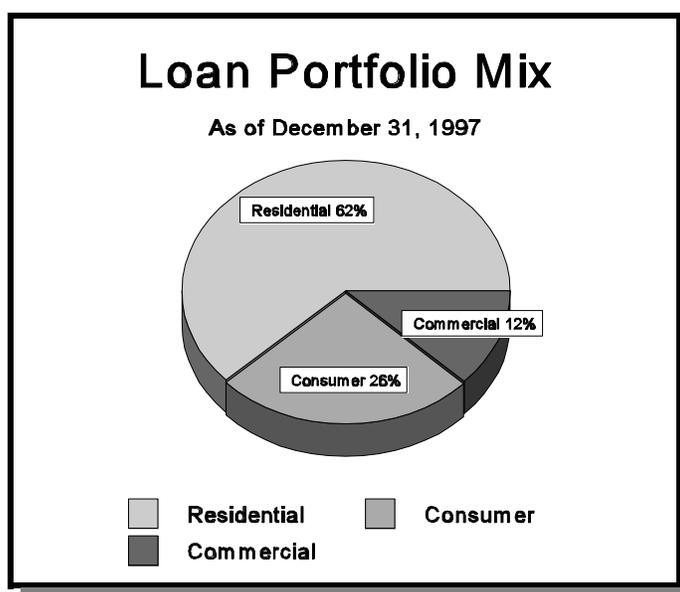
The First National Bank of Peterstown has a satisfactory record of meeting the credit needs of its community, including low- and moderate-income individuals. This assessment is based on an appropriate level of loan originations, a good level of lending within the bank's assessment area, and a reasonable level of lending to borrowers of different income levels and businesses of different sizes.

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

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>FIRST NATIONAL BANK OF PETERSTOWN</u> PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans	Not performed considering the demographics of the assessment area.		
Response to Complaints	No complaints were received since the last CRA examination.		

DESCRIPTION OF INSTITUTION

The First National Bank of Peterstown (FNB) has total assets of \$27 million and is located in Peterstown, West Virginia. The bank operates one office with one automated teller machine. To help meet the credit needs of its community, the bank offers a variety of banking products and services. These include residential, consumer, agricultural, and commercial loans. The type and quantity of loans in the bank's portfolio reflect positively on the bank's efforts to meet the credit needs of its community. The bank has focused on consumer lending but also makes small business loans. There are no financial or legal impediments restricting the lending activities of the bank. The following graph illustrates the composition of the bank's loan portfolio:



DESCRIPTION OF ASSESSMENT AREA

FNB is located in Monroe County and is in southeastern West Virginia. The bank is not in a Metropolitan Statistical Area (MSA). Monroe County is divided into three block numbering areas (BNA) that are middle-income. FNB has defined its assessment area as BNA 9503 in the western part of the county. Towns in the assessment area include Peterstown, Ballard, Bozoo, and Red Sulphur Springs. The population of the assessment area is 5,112. There are a total of 1,542 families. The non-MSA median family income for the assessment area is \$27,600.

The following table shows the number and percentage of families by income for the

assessment area:

BNA 9503 Income Levels		
Income Level	# of Families	% of Total Families
Low	306	20
Moderate	212	14
Middle	349	22
Upper	675	44
Total	1,542	100

The Monroe County economy includes manufacturing, farming, and county government. A large percentage of the local population is employed in the manufacturing industry. Major employers in the surrounding area include BF Goodrich, Hoechst Celanese and the American Power Company. Other major employment is in education and farming. The unemployment rate is 9.5%.

Discussions with FNB management and local community contacts identified credit needs as small dollar consumer loans, residential real estate, and small business loans. The bank has used existing bank products to address these needs.

FNB's major competitors are the Celco Credit Union, the Bank of Monroe and the Bank of Greenville.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Loan to Deposit Ratio

FNB's loan-to-deposit ratio is reasonable given the credit needs of the assessment area. The loan-to-deposit ratio has averaged 49% since December 1995. This ratio is in line with the local peer bank average of 51%.

Lending in the Assessment Area

A majority of all the bank's lending activities are within their assessment area. Bank-supplied data for 1997 shows that 78% of the number and 75% of the dollar volume of residential and consumer loans were originated within the assessment area. The accuracy of this bank-generated data was confirmed during the examination.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

FNB has reasonable lending penetration among borrowers of different income levels and to business of different sizes. During 1997, the bank collected income information from all borrowers of residential real estate purpose loans. This information was verified during the examination. We sampled residential and consumer loans to review lending by type and income level.

Our review of residential loans made in 1997 revealed that, 1% of the residential loans were granted to low-income borrowers, 11% to moderate-income borrowers, and 31% and 57% to middle- and upper-income borrowers, respectively. Residential loans made to low- and moderate- income borrowers are low when compared to the demographics of the assessment area. However, the bank received only two residential loan applications from low-income applicants in 1997 and eleven applications from moderate-income applicants. The loan demand for residential loans from low- and moderate income borrowers is considered low. Management also explained that lower- and moderate-income borrowers may prefer to rent or purchase mobile homes. The bank did make seven mobile-home loans for 1997. Two or 28% of the mobile home loans were made to low- income borrowers and three or 43% were made to moderate- income borrowers.

The consumer loan sample of 58 loans showed that consumer loans were made to 26% of the low-income borrowers, 29% of moderate-income, 24% of middle-income, and 21% of upper income. The following table illustrates lending to various income levels:

1997 Residential and Consumer Lending by Income Level						
Income Level	All Residential Mortgages		% of Families in the Assessment Area	Consumer Sample		% of Families in the Assessment Area
	#	% of total		#	% of total	
Low	1	1	20	15	26	20
Moderate	8	11	14	17	29	14
Middle	23	31	22	14	24	22
Upper	43	57	44	12	21	44
Total	75	100	100	58	100	100

A sample of 15 commercial purpose loans revealed that the bank is making loans to businesses of various sizes. Eleven of the sampled loans or 73% were made to small businesses. A small business is defined as a business with annual revenues less than one million dollars.

Geographic Distribution of Loans

FNB was not evaluated under this criterion. The assessment area has one BNA, so an analysis of loans among geographies of different income levels would not be meaningful.

Response to Complaints

The bank has received no CRA related complaints.

Compliance with Anti-Discrimination Laws

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