



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

July 02, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Progressive Bank, N. A.
Charter Number 16248**

**1701 Warwood Av
Wheeling, WV 26003**

**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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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 CRA performance of **Progressive Bank, N.A.** prepared by the **Office of the Comptroller of the Currency (OCC)**, the institution's supervisory agency, as of **July 2, 2001**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Overall CRA Rating

Institution's CRA Rating: This institution is rated "Satisfactory."

The major factors that support this rating include:

- The bank's average loan-to-deposit ratio (LTD) for the prior 12 quarters is more than reasonable. It exceeded the average LTD ratio for peer banks over the same period.
- The majority of the bank's loans are originated in the assessment areas.
- The bank's record of lending to borrowers of different incomes and to businesses of different sizes is reasonable.
- The geographic distribution of loans in the assessment areas is reasonable.

The overall CRA Rating is based on Progressive Bank, N.A.'s performance under the CRA in the Wheeling, West Virginia-Ohio MSA 9000 and the State of West Virginia. The rating for the State of West Virginia is based on the performance of the Wellsburg branch which is located in the Weirton MSA 8080. More emphasis was placed on the bank's performance in the Wheeling, West Virginia-Ohio MSA 9000. The majority of PBNA's lending is in this assessment area. The bank has only one branch in the Weirton, West Virginia-Ohio MSA. The examination period was April 1, 1997 through March 31, 2001.

Description of Institution

Progressive Bank, N.A. (PBNA) is a \$176 million interstate community bank headquartered in Wheeling, West Virginia. The bank is a wholly owned subsidiary of West Virginia Bancorp,

Inc., a \$221 million two-bank holding company also headquartered in Wheeling, West Virginia. The other banking subsidiary is Progressive Bank, N.A.-Buckhannon, in Buckhannon, West Virginia. PBNA operates seven full service branch offices located in Wheeling (2), Moundsville (2), New Martinsville, Wellsburg, West Virginia and Bellaire, Ohio. The New Martinsville branch was purchased from a commercial bank headquartered in Parkersburg, West Virginia. The branch opened in March 2001. The bank operates 8 automatic teller machines (ATMs) and 5 drive-up facilities. PBNA has historically been a consumer-oriented bank. However, recent trends have reflected increased business lending. As of June 30, 2001, net loans represented 53.6 percent of total assets. Gross loans totaling \$93.3 million were comprised of the following:

LOAN PORTFOLIO COMPOSITION AS OF JUNE 30, 2001		
	\$ (000)	Percentage
Loans to Individuals	13,507	14%
Residential Real Estate	31,228	34%
Commercial Loans	13,708	15%
Commercial Real Estate	30,679	33%
Tax-Free Loans	4,189	4%
TOTAL LOANS	\$93,311	100%

Source: Bank Records as of 6-30-01

Strong banking competition is received from several billion-dollar banks headquartered in West Virginia and Ohio and local community banks. There are no financial or legal impediments to the bank's ability to meet the credit needs of the assessment areas. PBNA was rated "Satisfactory" at its last CRA evaluation dated July 11, 1997.

DESCRIPTION OF ASSESSMENT AREAS

PBNA has three assessment areas (AAs). The AAs include two multistate metropolitan statistical areas (MSAs) and one non-MSA. The AAs are the Wheeling, West Virginia-Ohio MSA 9000 (Wheeling MSA), the Weirton, West Virginia-Ohio MSA 8080 (Weirton MSA) and Wetzel County (non-MSA). The AAs are legal. They meet regulatory requirements and do not arbitrarily exclude low- and moderate-income geographies.

The Wheeling MSA is comprised of two counties in West Virginia (Ohio and Marshall counties) and one county in Ohio (Belmont County). There are 50 census tracts in the AA: 1 low-income (2%), 8 moderate-income (16%), 31 middle-income (62%), 9 upper-income (18%), and 1 no income reported (2%). Strong competition is received from five West Virginia-based banks, including two banks with over \$1 billion in assets. Five of the bank's seven branches are located within this AA.

Housing costs in the AA combined with the high level of poverty make it difficult for low-income borrowers to purchase homes. The median home cost is \$43,570. The 1990 census median family income (MFI) is \$27,287. The HUD adjusted MFI for 2001 is \$38,000. Family income level distribution in the AA is as follows: low-income (20.23%), moderate-income (18.22%), middle-income (21.93%), and upper-income (39.62%). The percentage of households below poverty is high at 16.64 percent.

Ohio County (West Virginia) has a population of 50,871. Of the 20 census tracts (1 low-income, 4 moderate-income, 10 middle-income, and 5 upper-income) in Ohio County, 18 are in the city of Wheeling, W. Virginia. Wheeling is the largest municipality in the AA with a population of 36,520. Between 1980 and 1990 Wheeling experienced a 34 percent population loss. The loss is attributed to the decline of the coal and steel industries. There are two branches in Ohio County.

Belmont County has a population of 71,074. It has the largest population of the counties in the AA. Belmont County is located in the east central portion of Ohio bordering Ohio County, W. Virginia. There are 20 census tracts in the county (2 moderate-income, 16 middle-income, and 2 upper-income). The county contains three municipalities classified as cities: Bellaire, Martins Ferry, and St. Clairsville. Belmont County has undergone a similar transition of its economic base from coal mining, manufacturing, and craft trades to wholesale and retail sales. All of Belmont County is a state-designated Enterprise Zone. Businesses agreeing to retain or create employment and establish, expand, renovate, or occupy a facility in an Enterprise Zone are eligible for local and state tax incentives. There is one branch in Belmont County.

Marshall County has 10 census tracts (2 moderate-income, 5 middle-income, 2 upper-income, and 1 non-classified). Marshall County has a population of 37,356. There are 5 municipalities in Marshall County: Brenwood, McMechen, Glen Dale, Moundsville, and Cameron. The remainder of the county is unincorporated. There are two branches in Marshall County.

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The Weirton MSA is comprised of Jefferson County in Ohio and Hancock and Brooke counties in West Virginia. The bank operates one branch in the Weirton MSA. The branch is located in Wellsburg in Brooke County. The branch was purchased in 1993. Strong banking competition comes from a savings bank headquartered in Wellsburg. There are 45 census tracts in the Weirton MSA. There are 4 low-income (8.89%), 6 moderate-income (13.33%), 26 middle-income (57.78%), and 9 upper-income (20%). The most significant municipalities within the AA are Weirton, West Virginia in Hancock County and Steubenville, Ohio in Jefferson County. The 4 low-income census tracts are located in Steubenville. In addition, two of the four moderate-income census tracts are also located in Steubenville. Steubenville has experienced severe

population loss, little economic growth, a shift away from higher paying manufacturing jobs to lower paying service sector jobs, and increasing levels of poverty. The median housing cost is \$43,363. The 1990 census MFI is \$29,169. The HUD adjusted MFI for 2001 is \$38,100. Family income level distribution in the AA is as follows: low-income (20.19%), moderate-income (17.96%), middle-income (22.38%), and upper-income (39.47%). The percentage of households below poverty is high at 15.44 percent. The bank originates a low volume of loans in the Weirton MSA due to strong competition from a federal savings bank and its distance from population centers in the AA.

The non-MSA is comprised of Wetzel County in West Virginia. The bank has 1 branch in the AA. The branch in Wetzel County is located in the town of New Martinsville. The branch, which opened March 2001, was acquired. There are four Block Numbering Areas in Wetzel County: 3 middle-income (75%) and 1 upper-income (25%). There are no low- or moderate-income geographies in the AA. Economic conditions in the AA have improved somewhat over the last several years. However, poverty levels remain high at 21.05 percent. The population of Wetzel County is 19,258. The median housing cost is \$49,473. The 1990 census MFI is \$22,654. The HUD adjusted MFI for 2001 is \$30,600. Family income level distribution in the AA is as follows: low-income (20.19%), moderate-income (13.25%), middle-income (15.11%), and upper-income (51.45%).

A community contact was held with a nonprofit economic development agency. Credit to fund economic development through small business loans and start-up businesses was identified. Community contacts held during other CRA examinations in the AA identified a credit need to rehabilitate housing in the Wheeling area.

Multistate Metropolitan Area Rating

CRA Rating for the Wheeling, West Virginia-Ohio MSA 9000¹: Satisfactory

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

The primary factors supporting the overall rating are:

- The bank's loan-to-deposit ratio is more than reasonable.
- The majority of the bank's loans are originated in its AAs.
- The bank's record of lending within the Wheeling MSA to borrowers of different incomes and to businesses of different sizes is reasonable.
- The geographic distribution of loans within the Wheeling MSA is reasonable.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio (LTD) is more than reasonable. The LTD ratio is assessed at the bank level. The quarter average LTD for the past 12 quarters is 66 percent. This compares favorably to the quarter average LTD of 52.87 percent for peer banks over the same period. Individual peer banks' quarter average LTD ratios ranged from 29.63 percent to 73.63 percent. The LTD ratio for the bank was compared with that of banks with total assets less than \$350 million headquartered in the bank's AAs.

Lending in Assessment Areas

The majority of the bank's loan originations are in its AAs. The lending in AAs is assessed at the bank level. Our review included all home mortgage loans reported on the Home Mortgage Disclosure Act Loan Application Register (HMDA-LAR) during the examination period. There were 905 home mortgage loans originated totaling \$32.9 million. In addition, we sampled 81 business loans totaling \$23.2 million. Refer to the table below for the distribution of loans inside the AAs.

	INSIDE ASSESSMENT AREAS		OUTSIDE ASSESSMENT AREAS	
	# Loans	\$(000)	# Loans	\$(000)
Home Mortgage Loans	744	27,740	161	5,257
Business Loans	65	12,299	16	10,882
Total Volume	809	40,039	177	16,139
Total				

Percentages	82%	71%	18%	29%
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Source: HMDA-LAR and bank loan records

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

PBNA's record of lending to borrowers of different incomes and to businesses of different sizes is reasonable. The level of home mortgage loans originated to low-income borrowers is less than the percentage of low-income families in the Wheeling MSA. Housing costs in the Wheeling MSA combined with the high level of poverty make it difficult for low-income borrowers to purchase homes. The median housing value in the Wheeling MSA AA is \$43,570. The 1990 census median family income (MFI) is \$27,287. The HUD adjusted MFI for 2001 is \$38,000. The percentage of households below poverty is high at 16.64 percent. Refer to the following table for the distribution of home mortgage loans in the Wheeling MSA.

Borrower Distribution of Home Mortgage Loans					
Income Level	# of Loans	% of Loans	\$ (000) of Loans	% of \$ of Loans	Income Level of Families in AA
Low	65	9.0	781	2.9	20.23
Moderate	131	18.0	2,625	9.6	18.22
Middle	193	26.5	3,993	14.7	21.93
Upper	306	42.1	16,372	59.8	39.62
N.A.	32	4.4	3,582	13.0	
Total	727	100.00	27,353	100.00	100.00

Source: 1997-2001 HMDA-LAR

PBNA's distribution of business loans to businesses of different sizes meets the standard for satisfactory performance. The sample of 62 business loans revealed that the majority of business loans were originated to businesses with annual revenues of \$1 million or less. The bank demonstrates a commitment to small business lending. Eighty-five percent of the total number of business loans originated was for dollar amounts less than or equal to \$200,000. Refer to the following table for the income distribution of business loans originated in the Wheeling MSA .

Lending to Businesses of Different Sizes					
Business Revenue Size	# Loans	% of Total Loans	\$(000) of Total Loans	% of Amount of Total Loans	% of Businesses in AA

Less than or equal to \$1 million	46	74	9,870	82	91
Greater than \$1 million	16	26	2,175	18	9
Total	62	100	12,045	100	100

Source: Bank Loan Records

Geographic Distribution of Loans

The geographic distribution of loans in the Wheeling MSA meets the standard for satisfactory performance. The distribution of home mortgage loans in low- and moderate-income geographies is comparable to the percentage of owner-occupied units in those geographies. Refer to the following table for a breakdown of home mortgage loans originated in the Wheeling MSA.

Geographic Distribution of Home Mortgage Loans					
Census Tract	# of Loans	% of Total Loans	\$ (000) of Total Loans	% of \$ of Total Loans	% of Owner-Occupied Units
Low	1	0.1	20	0.0	0.25
Moderate	45	6.2	871	3.2	5.74
Middle	474	65.2	14,869	55.4	74.41
Upper	207	28.5	11,593	42.4	19.60
Total	727	100.00	27,353	100.00	100.00

Source: 1997-2001 HMDA-LAR

A sample of 62 business purpose loans originated during the evaluation period were reviewed. There were no business loans originated in low-income census tracts. A small percentage of businesses are located in low-income census tracts. The percentages of business loans originated in moderate-income census tracts are comparable to the percentage of businesses in moderate-income census tracts. Refer to the following table for a breakdown of business loans originated in the Wheeling MSA.

Geographic Distribution of Business Loans					
Census Tract	# of Loans	% of Loans	\$ (000) of Loans	% of \$ of Loans	% of Businesses in AA
Low	0	0	0	0	2
Moderate	12	19	4,508	37	24
Middle	37	60	3,810	32	53

Upper	13	21	3,727	31	21
Total	62	100	12,045	100	100

Source: Bank Loan Records

State Rating

CRA Rating for the State of West Virginia²: Satisfactory

The state rating is based on the performance of branches located outside of the Wheeling MSA.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The two branches located outside of the Wheeling MSA are located in the towns of New Martinsville (Wetzel County) and Wellsburg (Brooke County). Wetzel County is not located in a MSA. The New Martinsville branch was opened in March 2001. The bank's performance in Wetzel County was not be evaluated during this examination due to the short period of time PBNA has been in this AA. The rating for the state is therefore based on the performance of the Wellsburg branch which is located in the Weirton MSA.

The major factors that support this rating include:

- The bank's loan-to-deposit ratio is more than reasonable.
- The majority of the bank's loans are originated in its AAs.
- The bank's record of lending in the Weirton MSA to borrowers of different incomes and to businesses of different sizes is reasonable.
- The geographic distribution of loans in the Weirton MSA is reasonable.

Loan-to-Deposit Ratio

The LTD ratio was assessed at the bank level. Refer to the discussion of LTD ratio under the *Multistate Metropolitan Area Rating*.

Lending in Assessment Areas

Lending in the AAs was assessed at the bank level. Refer to the discussion of lending in assessment areas under the *Multistate Metropolitan Area Rating*.

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

PBNA's record of lending to borrowers of different incomes and to businesses of different sizes is reasonable. The bank has only one branch in the Weirton MSA. Strong competition is received from a federal savings bank based in Wellsburg, West Virginia. The percentage of loans originated to moderate income borrowers compares favorably to the percentage of moderate-income borrowers in the Weirton MSA. The level of home mortgage loans originated to low-income borrowers is less than the percentage of low-income families in the Weirton MSA. Housing costs in the Weirton MSA combined with the high level of poverty make it difficult fo low-income borrowers to purchase homes. The percentage of households below poverty is high at 15.44. Refer to the following table for the distribution of home mortgage loans.

Borrower Distribution of Home Mortgage Loans					
Income Level	# of Loans	% of Total Loans	\$ (000) of Total Loans	% of \$ of Loans	Income Level of Families in AA

Low	2	11.8	35	9.04	20.19
Moderate	3	17.6	36	9.30	17.96
Middle	6	35.3	94	24.30	22.38
Upper	6	35.3	222	57.36	39.47
Total	17	100.00	387	100.00	100.00

Source: 1997-2001 HMDA-LAR

PBNA has a good record of originating business loans to small businesses. Small businesses are defined as businesses with revenues less than \$1 million. Business loans originated to small businesses exceed the percentage of small businesses in the Weirton MSA. Eighty-five percent of the total number of business loans originated was for dollar amounts less than or equal to \$200,000. Refer to the following table for the income distribution of business loans originated in the Weirton MSA.

Lending to Businesses of Different Sizes					
Business Revenue Size	# Loans	% of Total Loans	\$(000) of Total Loans	% of Amount of Total Loans	% of businesses in AA
Less than or equal to \$1 million	9	90	1,327	99	93
Greater than \$1 million	1	10	7	1	7
Total	10	100	1,334	100	100

Source: Bank Loan Records

Geographic Distribution of Loans

The geographic distribution of loans in the Weirton MSA is reasonable. The distribution of home mortgage loans in low- and moderate-income geographies is good. Home mortgage loans originated in low- and moderate-income census tracts exceed the percentage of owner-occupied units in those geographies. Refer to the following table for a breakdown of home mortgage loans originated in the Weirton MSA.

Geographic Distribution of Home Mortgage Loans					
Census Tract	# of Loans	% of Total Loans	\$ (000) of Total Loans	% of \$ of Total Loans	% of Owner-Occupied

					Units
Low	2	11.8	35	9	1.62
Moderate	3	17.6	36	10	8.81
Middle	6	35.3	94	24	69.65
Upper	6	35.3	222	57	19.92
Total	17	100	387	100	100

Source: 1997-2001 HMDA-LAR

All 10 of the business loans originated in the Weirton MSA were in middle-income census tracts. The low volume of business loans originated in the Weirton MSA renders the geographic analysis less meaningful. Refer to the following table for a breakdown of business loans originated in the Weirton MSA.

Geographic Distribution of Business Loans					
Census Tract	# of Loans	% of Loans	\$ (000) of Loans	% of \$ of Loans	% of Businesses in AA
Low	0	0	0	0	0
Moderate	0	0	0	0	15
Middle	10	100	1,334	100	76
Upper	0	0	0	0	9
Total	10	100	1,334	100	100

Source: Bank Loan Records

Responses to Complaints

There were no complaints received since the prior CRA examination.

Fair Lending Review

An analysis of 1997 through 2001 public comments and consumer complaint information 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 examination was performed in 1997.

