



**SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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## **PUBLIC DISCLOSURE**

**August 16, 2004**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First National Bank  
Charter Number 10127**

**216 Market Street  
P.O. Box 1049  
Spencer, WV 25276-1049**

**Comptroller of the Currency  
West Virginia Field Office  
Laidley Tower, Suite 730  
500 Lee Street, East  
Charleston, West Virginia 25301-2117**

**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.**

## **INSTITUTION'S CRA RATING**

**This institution is rated Satisfactory.**

We assigned the Community Reinvestment Act (CRA) 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 area.
- Analysis reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersions throughout the assessment area.
- No public complaints related to CRA have been filed since the bank's last CRA examination.

## **DESCRIPTION OF THE INSTITUTION**

First National Bank (FNB) is a community bank headquartered in Spencer, West Virginia and operates two banking locations in west-central West Virginia. Banking offices are located in Spencer, in Roane County, and in Parkersburg, WV, which is located in Wood County. FNB is a wholly owned subsidiary of West-Central Bancorp, Inc., a one-bank holding company. FNB serves all areas of Roane County, and the portion of Wood County that constitutes the city of Parkersburg. FNB's last CRA examination was performed in March 1999 and was rated Satisfactory.

FNB offers full service banking at both of its locations, with lobby and drive-thru facilities. The bank's products include a variety of traditional deposit and loan products. The bank operates three automatic teller machines: one located at each branch and the third located at the Roane General Hospital in Spencer. There are no legal or financial impediments to FNB's ability to meet the credit needs of its assessment area.

As of March 31, 2004, FNB's assets totaled \$113 million with net loans totaling approximately \$83 million or 73% of total assets. FNB's primary lending focus is on real estate, commercial, and consumer installment loans. The following table reflects the composition of FNB's loan portfolio as of March 31, 2004. FNB's primary consumer-oriented lending products are 1-4 family residential properties and consumer installment loans. Consequently, we considered these two types, in addition to loans to small businesses, for the purpose of evaluating FNB's CRA performance.

<b>Loan Product Category</b>	<b>Dollar (000's )</b>	<b>Percent of Net Loans</b>
1-4 Family Residential Properties (including residential farm loans)	\$28,488	34.18%
Commercial & Industrial Loans	\$24,961	29.95%
Commercial Properties	\$21,807	26.17%
Consumer Loans (installment, single-pay, student loans, etc.)	\$7,794	9.35%
Construction & Land Development	\$288	0.35%
<b>Total</b>	<b>\$83,338</b>	<b>100%</b>

*Source: Data reported to the Federal Financial Institutions Examination Council (FFIEC) on the March 31, 2004 Consolidated Report of Condition and Income.*

In addition to 1-4 family residential real estate loans originated and retained in their loan portfolio, FNB also originates loans funded by the West Virginia Housing Development Fund (WVHDF). Since 2003, FNB has originated thirty loans totaling \$2.8 million, focused primarily at lower-income borrowers and first time homeowners.

## **DESCRIPTION OF THE ASSESSMENT AREA**

FNB's assessment area (AA), located in west-central West Virginia, is comprised of the geographic boundary of Roane County and the southern portion of Wood County that constitutes the city of Parkersburg. The AA meets the requirements of the regulation and does not arbitrarily exclude any low- or moderate-income geographies. Competition within the AA consists of 12 banking institutions either based in or which have branches in Wood or Roane Counties. These institutions, both state-and national-chartered, range from large multi-state banks to small savings associations. Of the banking market within the AA, approximately 58% is divided among three banks: United Bank, Wesbanco Bank, and Branch Banking & Trust (BB&T). The following table reflects the banking competition within FNB's AA:

<b>Institution Name</b>	<b>Market Share of Deposits Inside the AA</b>
United Bank	27.85%
Wesbanco Bank	18.54%
Branch Banking & Trust (BB&T)	11.83%
Community Bank of Parkersburg	8.34%
First National Bank	7.23%
Traders Bank	6.28%
Huntington National Bank	6.10%
Williamstown National Bank	5.35%
Poca Valley Bank	4.10%
Peoples Bank, N.A.	3.02%
First Federal Savings Bank	0.94%
Doolin Security Savings Bank	0.42%
<b>Total</b>	<b>100.00%</b>

*Source: Data reported to the Federal Financial Institutions Examination Council (FFIEC) on the March 31, 2004 Consolidated Reports of Condition and Income; Federal*

*Deposit Insurance Corporation's (FDIC) June 30, 2003 Market Share Report.*

For the purpose of this analysis, we considered the Wood County portion of the bank’s AA as a separate AA because it is one of two counties in West Virginia and Ohio that comprise the Parkersburg – Marietta, WV-OH Metropolitan Statistical Area (MSA). The population of Wood County was 87,986 according to the 2000 U.S. Census Bureau information, which is a 1.2% increase from 1990 data. The Wood County portion of the AA is divided into 19 census tracts: six moderate-income, eight middle-income, and five upper-income tracts. The AA does not include any low-income geographies. The current unemployment rate for the county, according to the Bureau of Labor Statistics, is 3%, which is significantly lower than the West Virginia statewide average of 6.2%. According to the 1997 economic census, Wood County’s top three industries by distribution of employees are services, retail trade, and manufacturing.

Roane County possesses a population of 15,446 according to the 2000 Census Bureau information. This reflects a modest growth of 2% over the 1990 census data. The county is subdivided into four block numbering areas (BNA), two moderate-income and two middle-income BNAs. The county does not contain any low- or upper-income tracts. According to the Bureau of Labor Statistics, the current unemployment rate for the county is approximately 5%, which is slightly lower than the statewide average of 6.2%. The top three industries, according to the 1997 economic census, by distribution of employees are manufacturing, services, and retail trade.

The following table includes general demographic information describing the AAs:

<b>Demographic Characteristics of Assessment Areas</b>			
		<b>Assessment Area</b>	
		<b>Wood Co.</b>	<b>Roane Co.</b>
<u>Number of Geographies by Income Level:</u> Income	Low-Income	0	0
	Moderate-Income	6	2
	Middle-Income	8	2
	Upper-Income	5	0
<u>Percent of Geographies by Income Level:</u> Income	Low-Income	0.00%	0.00%
	Moderate-Income	31.58%	50.00%
	Middle-Income	42.11%	50.00%
	Upper-Income	26.32%	0.00%
<u>Percent of Population in each Geography:</u> Income	Low-Income	0.00%	0.00%
	Moderate-Income	23.24%	44.31%
	Middle-Income	49.29%	55.69%
	Upper-Income	27.48%	0.00%
<u>Percent of Families by Income Level:</u>	Low-Income	22.98%	26.79%
	Moderate-Income	16.88%	23.84%
	Middle-Income	21.65%	19.76%
	Upper-Income	38.49%	29.62%
<u>Median Housing Characteristics:</u> Value	Median Home	\$48,639	\$36,543
		60.15%	67.74%

	Percent of Owner-Occupied Units Median Monthly Gross Rent	\$331	\$241
<u>Median Income Data:</u> Income	1990 Median Family	\$22,654	\$32,290
	Updated Median Family Income	\$32,400	\$45,200

Source: U.S. Census Data

### Community Contacts

We reviewed information from two interviews performed in November 2003 within the Wood County portion of the AA to ascertain the credit needs of the community. The purpose of the interviews was to seek specific information regarding the credit needs within the area and how well, in the opinions of the interviewees, local banking institutions were addressing those needs. The two community contacts were involved with both economic and community development within the Parkersburg – Wood County MSA area. We conducted an additional telephone interview with a community-based organization in Spencer to gain an understanding of credit needs within the Roane County, non-MSA area. The consensus was that local financial institutions are viewed as being readily accessible and are meeting all community credit needs.

## CONCLUSIONS ABOUT PERFORMANCE CRITERIA

### Loan-to-Deposit Ratio

FNB's loan-to-deposit ratio is reasonable given the bank's size and the credit needs within the AA. We considered the financial data for all financial institutions within the market area and found that FNB is similarly situated to Community Bank of Parkersburg and Traders Bank. These banks are FNB's closest competitors in terms of both market share and credit product offerings, although both are larger in total asset size and number of branch locations.

Institution Name	Average Loan-to-Deposit Ratio Twenty Quarters Beginning March 31, 1999
Community Bank of Parkersburg	98.54%
Traders Bank	90.33%
<b>First National Bank</b>	83.80%

Source: Data reported to the Federal Financial Institutions Examination Council (FFIEC) on the Consolidated Reports of Condition and Income

### Lending in Assessment Area

FNB originated a majority of their total loans within their AA. We selected a sample of forty loans within each loan product originated since the prior CRA examination to determine the percentage of lending within the AA. The following table summarizes the results of our review:

Lending Inside/Outside the Assessment Area				
	Residential Real Estate	Consumer Loans	Loans to Small Businesses	Total Sampled Loans

	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar
Inside AA	85%	80%	73%	73%	75%	98%	63%	91%
Outside AA	15%	20%	27%	27%	25%	2%	37%	9%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Data Collected by the Bank

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

When evaluating a bank's CRA performance in regards to lending within the various income brackets, it is customary to use the applicable U.S. Census Bureau data as a benchmark. In this instance, the evaluation period encompasses two census periods: 1990 and 2000. With the publication of the 2000 census data effective January 1, 2003, it was necessary to segment the bank's loan data accordingly and, thus, compare it to the appropriate census data. Therefore, we segmented those loans originated by the bank since its last CRA examination, or March 1999, through December 31, 2002, comparing that performance to the 1990 census data. Likewise, we segmented loans originated from January 1, 2003 through March 31, 2004 for comparison to 2000 census data. After analyzing the two segments, we noted no material differences in the bank's lending performance between the two. In comparing the census information from 1990 and 2000 as it pertains to the bank's AA, we noted no significant differences in the data. Therefore, since the substantial majority of the bank's loans were originated between March 1999 and December 31, 2002, we elected to utilize that segment of loans, compared to the 1990 census information, to assess the bank's overall lending performance for this evaluation.

The following table illustrates the distribution of residential real estate loans by the borrower's income level. Our review revealed that the number of residential real estate loans made to moderate-income families is reasonable when compared to the percentage of families of those income levels within each AA. The number of loans made to the low-income borrowers of both counties was lower than the population, but this appears to be due to the reduced number of suitable housing units available in those markets.

Distribution by Borrower Income of Residential Real Estate 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
Wood	23%	0%	0%	17%	25%	35%	22%	20%	17%	38%	55%	48%
Roane	27%	6%	9%	23%	26%	20%	20%	42%	34%	30%	26%	37%

Source: Data Collected by the Bank; 1990 U.S. Census Data

The following table illustrates the distribution of consumer loans by the borrower's income level compared to the percentage of each AA's households that are within each of those income levels. The distribution of consumer loans made to low- and moderate-income households in Wood County is adequate. The low number of loans to low- and moderate-income households in the Wood County is due to the more heavily banked market in Parkersburg than in Roane County. FNB's performance regarding low- and moderate-income households in Roane County is

excellent.

<b>Distribution by Borrower Income of Consumer Loans</b>												
<b>Assessment Area</b>	<b>Low-Income Households</b>			<b>Moderate-Income Households</b>			<b>Middle-Income Households</b>			<b>Upper-Income Households</b>		
	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans
<b>Wood</b>	28%	15%	12%	16%	15%	10%	17%	40%	36%	39%	30%	42%
<b>Roane</b>	28%	32%	26%	20%	26%	16%	19%	31%	37%	33%	11%	21%

Source: Data Collected by the Bank; 1990 U.S. Census Data

FNB does not routinely collect revenue data when originating business loans. Since revenue information was not always available, we used loan size as a proxy for income. Loans to businesses with an original amount of less than \$1 million are considered indicative of a loan to a small business (businesses with annual gross revenues of \$1 million or less). The following table shows a stratification of business loans by the original loan amount, allowing a comparison with the percentage of small businesses within each AA. The distribution of loans to small businesses was excellent in each AA, with most loans being less than \$100,000.

<b>Borrower Distribution of Small Loans to Businesses</b>							
<b>Assessment Area</b>	<b>% of Businesses with Revenues of \$1 Million or Less</b>	<b>Loans by Original Amount Regardless of Business Size</b>					
		<b>\$100,00 or Less</b>		<b>&gt;\$100,000 to \$250,000</b>		<b>&gt;\$250,000 to \$1,000,000</b>	
		#	\$	#	\$	#	\$
<b>Wood</b>	61%	50%	9%	10%	10%	40%	81%
<b>Roane</b>	63%	60%	11%	0%	0%	40%	89%

Source: Data Collected by the Bank; Dunn and Bradstreet Data

### **Geographic Distribution of Loans**

As with the assessment of lending based on borrower's income, we also segmented the bank's loans made from March 1999 to year-end 2002 and those made from January 1, 2003 through March 31, 2004 in order to analyze performance in lending within low- and moderate-income geographies within the AA. Again, based on the immaterial differences in census data from 1990 and 2000 censuses, and the predominance of the bank's lending prior to year-end 2002, we based our analysis of the geographic distribution of the bank's loans on this timeframe.

The geographic distribution of loans reflects reasonable dispersion throughout FNB's AA. We evaluated the lending distribution within the AAs, considering branch locations, competition, market conditions, and demographic information. We did not identify any unexplained conspicuous gaps. As there are no low-income geographies in either Wood or Roane Counties,

we focused our review on the moderate-income geographies.

The following table illustrates the geographic distribution of residential real estate loans among geographies of different income levels compared to the percentage of owner occupied housing. The distribution of loans between the geographies is reasonable.

<b>Geographic Distribution of Residential Real Estate Loans</b>												
<b>Assessment Area</b>	<b>Low-Income Geographies</b>			<b>Moderate-Income Geographies</b>			<b>Middle-Income Geographies</b>			<b>Upper-Income Families</b>		
	% Owner Occ. Units	# Bank Loans	\$ Bank Loans	% Owner Occ. Units	# Bank Loans	\$ Bank Loans	% Owner Occ. Units	# Bank Loans	\$ Bank Loans	% Owner Occ. Units	# Bank Loans	\$ Bank Loans
<b>Wood</b>	0%	0%	0%	22%	36%	35%	48%	43%	34%	30%	21%	31%
<b>Roane</b>	0%	0%	0%	46%	45%	55%	54%	55%	45%	0%	0%	0%

Source: Data Collected by the Bank; 1990 U.S. Census Data

The table below depicts the geographic distribution of consumer loans among geographies of different income levels compared to the percentage of households within each income tract. The distribution of loans within the various geographies was skewed towards the middle- and upper-income tracts. Upon further analysis it was noted that FNB does not routinely collect census tract or BNA information on consumer loans. Approximately one-third of the consumer loans sampled from the Parkersburg branch did not contain sufficient information to locate the exact census tract of the borrower's residence. Additionally, the use of post office box information in lieu of street addresses in the Parkersburg area tends to skew the data toward the middle- and upper-income geographies in the Wood County portion of the AA.

<b>Geographic Distribution of Consumer Loans</b>												
<b>Assessment Area</b>	<b>Low-Income Geographies</b>			<b>Moderate-Income Geographies</b>			<b>Middle-Income Geographies</b>			<b>Upper-Income Geographies</b>		
	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans	% HH	# Bank Loans	\$ Bank Loans
<b>Wood</b>	0%	0%	0%	24%	0%	0%	49%	50%	40%	27%	50%	60%
<b>Roane</b>	0%	0%	0%	23%	15%	14%	77%	85%	87%	0%	0%	0%

Source: Data Collected by the Bank; 1990 U.S. Census Data

The following table shows the geographic distribution of business loans among geographies of different income levels compared to the percentage of businesses with annual gross revenues of less than \$1 million located within each tract category. Again, with the focus on assessing the bank's performance with regards to lending to small businesses, we conducted our analysis using the original loan amount as a proxy for business income. The distribution of loans to small businesses is very reasonable.

<b>Geographic Distribution of Small Loans to Businesses</b>				
<b>Assessment Area</b>	<b>Low-Income Geographies</b>	<b>Moderate-Income Geographies</b>	<b>Middle-Income Geographies</b>	<b>Upper-Income Geographies</b>

	% Bus.	# Bank Loans	\$ Bank Loans									
<b>Wood</b>	0%	0%	0%	49%	50%	49%	40%	40%	50%	11%	10%	1%
<b>Roane</b>	0%	0%	0%	10%	40%	11%	90%	60%	89%	0%	0%	0%

*Source: Data Collected by the Bank; Dunn and Bradstreet Data*

### **Responses to Complaints**

FNB has not received any CRA-related complaints since its last CRA examination in March 1999.

### **Fair Lending or Other Illegal Credit Practices Review**

We found no evidence of illegal discrimination or other illegal credit practices.