



Comptroller of the Currency
Administrator of National Banks

PUBLIC DISCLOSURE

May 27, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Citizens National Bank of Elkins
Charter Number 12483**

**P. O. Box 1519
Elkins, West Virginia 26241**

**Comptroller of the Currency
Charleston Duty Station
100 Capitol Street
Security Building - Suite 400
Charleston, West Virginia 25301**

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 CRA performance of **Citizens National Bank of Elkins** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 31, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

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

Citizen's National Bank of Elkins (CNB) has met or exceeded the standards for satisfactory performance for each of the following assessment criteria: loan to deposit ratio, lending within the assessment area, lending to borrowers of different incomes and to businesses of different sizes, and geographic distribution of loans. This evaluation is based on information from the last CRA examination dated August 17, 1994 through March 31, 1997.

The following table indicates the performance level of **Citizens National Bank of Elkins** with respect to each of the five performance criteria.

Small Institution Assessment Criteria	Citizens National Bank of Elkins 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		X	
Response to complaints	No complaints were received since the prior examination.		

Description of Citizens National Bank of Elkins

CNB of Elkins is a \$129 million community bank in Elkins, WV. CNB is wholly owned by Citizens Financial Corp., a one bank holding company. The bank operates two branches located at Parsons and Beverly. Automated teller machines are provided for customer convenience at the main office in Elkins, the Tygarts Valley Mall and the Beverly branch.

The bank provides for the credit needs and economic development in a manner consistent with its size, financial capacity, location, and local economic conditions. There are no legal impediments, other than legal lending limits, or economic conditions that would adversely impact its ability to meet community credit needs. CNB primarily originates residential mortgage loans and consumer purpose loans.

The following table depicts a breakdown of total loans as of March 31, 1997.

LOAN TYPE	PERCENTAGE OF GROSS LOANS
Residential Mortgage	64%
Consumer Purpose	23%
Business Purpose	12%
Other Purposes	1%

Description of Randolph and Tucker Counties

The bank's assessment area is Randolph and Tucker Counties. Both counties are situated in the Allegheny Mountains of north central WV. The assessment area includes ten block numbering areas* (BNAs), all of which are middle-income areas. Low-income families are located within these areas. CNB's assessment area complies with the requirements of the CRA regulation and does not arbitrarily exclude low- or moderate-income geographies.

Based on 1990 census data, Randolph and Tucker Counties have a population of 35,531 with 16% of the people over the age of 65. Ten percent of the households in the assessment area receive public assistance. The 1996 HUD estimated statewide non metropolitan median family income** for WV equaled \$26,600.

*A BNA is a non metropolitan area defined by the Bureau of the Census for information gathering purposes.

**The term "median family income" is the income earned by the people sharing a home that are related by birth, marriage, or adoption.

The assessment area has 16,448 housing units. Approximately 61% are owner-occupied units, 19% are rental units, and 18% are vacant units. One-to-four family units comprise 77% of this total, while mobile homes comprise 16%. The median housing value of the assessment area is \$39,300.

Major employment industries in the area include timber, education, medical services, and tourism. The economy is stagnant and loan demand is moderate. The majority of the businesses within the assessment area are small businesses. The two county unemployment rate has increased within the past two years due to several manufacturing companies downsizing or closing.

Banking within the assessment area is competitive. There are eight financial institutions to meet local credit needs. These include six community banks, including CNB, a branch of a regional bank, and a branch of a state bank which is headquartered outside of the assessment area. As part of our review, we consulted two members of the community to help us better understand the local credit needs. Our contacts identified affordable single-family housing, multifamily and group housing, transportation systems, and rental assistance as needs of the community.

Conclusions with Respect to Performance Criteria

◆ Loan to Deposit Ratio

CNB's loan to deposit ratio is reasonable. During the eleven quarters since the last CRA examination, the bank's loan to deposit ratio went from 62% on September 30, 1994 to 80% on March 31, 1997. This represents an average loan-to-deposit ratio of 73% for this time frame. This ratio signifies that seventy-three cents of every dollar in deposits is invested in the form of loans. The average loan to deposit ratio for the similarly situated banks in the assessment area ranged from 54% to 77% for the same period. These banks consist of five community banks located in Randolph and Tucker Counties. The bank's lending level is reasonable and substantiated by the highly competitive banking market, stagnant economy, moderate loan demand, and the high volume of low dollar consumer loans.

◆ Lending in the Assessment Area

A substantial majority of the bank's lending activity is within Randolph and Tucker Counties. Bank management performed an analysis of 100% of all loans as of December 31, 1996. We verified the information on a sample basis. The following table depicts the analysis.

Percentage of Loan Categories Within the Assessment Area	
Real Estate	90%
Consumer	71%
Commercial	91%
Agricultural	69%

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

CNB lends to borrowers of different income levels. The information listed in the following table was derived from management's analysis of loans originated between August 1, 1996 and March 31, 1997. We verified this analysis on a sample basis.

Percentage of the Number of Loans to Individuals of Different Income Levels Within the Assessment Area (AA)				
Income Level	Families in the AA	Residential Real Estate Loans	Consumer Loans	Agricultural Loans
Low	20%	6%	28%	0%
Moderate	19%	24%	25%	57%
Middle	23%	19%	27%	14%
Upper	38%	51%	20%	29%
Total	100%	100%	100%	100%

The bank's level of lending to businesses of different sizes is reasonable, and is consistent with the number of small businesses in Randolph and Tucker Counties. By using size of loans as an indicator of business size, we found that 98% of the commercial loans originated during the period of August 1, 1996 to March 31, 1997 were to businesses who had revenues less than \$1 million. Based on our sample, loans ranged from \$10 thousand to \$500 thousand.

◆ **Geographic Distribution of Loans**

CNB's geographic distribution of loans reflects a reasonable dispersion in Randolph and Tucker Counties. In addition, the bank's lending pattern does not exhibit any conspicuous, unexplainable gaps. All the BNAs within the assessment area are middle-income areas. Loan originations are concentrated in areas closest to the bank's offices. We found that 81% of CNB's loans originated in BNAs where the bank has an office.

◆ **Response to Complaints**

No CRA related complaints were received since the prior CRA examination in August 1994.

◆ **Compliance with Antidiscrimination Laws and Regulation**

A fair lending examination was performed in conjunction with our CRA evaluation. No violations of the substantive provisions of antidiscrimination laws and regulations were identified.