

PUBLIC DISCLOSURE

August 20, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Pleasants County Bank

05541340

P. O. Box 240

St. Marys, West Virginia 26170

Federal Reserve Bank of Richmond

P. O. Box 27622

Richmond, Virginia 23261

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 The Pleasants County Bank, St. Marys, West Virginia, prepared by The Federal Reserve Bank of Richmond, the institution's supervisory agency, as of August 20, 1996. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A of 12 CFR Part 228.

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

The bank's loan-to-deposit ratio is considered reasonable given its financial capacity and demand for credit in the assessment area. A substantial majority of loans sampled during the examination were extended to borrowers residing within the assessment area. The bank demonstrated a satisfactory level of lending activity to low- and moderate-income borrowers and to residents throughout the community.

The following table indicates the performance level of The Pleasants County Bank with respect to each of the five performance criteria.

| SMALL INSTITUTION ASSESSMENT CRITERIA | <u>The Pleasants County Bank</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 | | X | |
| Response to Complaints | No complaints were received since the prior examination. | | |
| | | | |

DESCRIPTION OF INSTITUTION

The Pleasants County Bank operates one office located in St. Marys, West Virginia. As of June 30, 1996, the bank had assets of approximately \$42.4 million of which 39% consisted of loans. The bank offers a variety of loan products, with emphasis on consumer lending. The loan portfolio as of June 30, 1996, was comprised of the following: 55% real estate secured (consumer and business), 44% consumer and 1% commercial and agricultural loans. Based on volume, unsecured and secured consumer loans were identified as the bank's primary credit products. The institution's previous CRA rating was outstanding.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area encompasses all of Pleasants County and portions of Ritchie and Tyler Counties, West Virginia, as well as portions of Washington County, Ohio. The following census tracts and block numbering areas (BNAs) are included in the bank's assessment area:

| <u>Pleasants County</u> | <u>Ritchie County</u> | <u>Tyler County</u> | <u>Washington County</u> |
|-------------------------|-----------------------|---------------------|--------------------------|
| 9621 | 9623 | 9618 | 212002 |
| 9622 | | 9619 | 212003 |
| | | | 212004 |
| | | | 212005 |

The assessment area contains no low-income census tracts or BNAs. Of the community's nine census tracts and BNAs, four are moderate-income, three are middle-income and two are upper-income. The assessment area is primarily rural and has a population of 25,561 according to 1990 census information. Employment opportunities are provided primarily through several chemical manufacturers, a petroleum refinery, and a mental health facility. Each of these industries has been adversely affected by poor economic conditions. As a result, unemployment rates are relatively high as compared to the West Virginia rate of 6.5%. Current unemployment rates for the market are as follows: Pleasants County - 8.5%, Ritchie County - 13.6%, Tyler County - 6.7%, and Washington County - 5.8%. While the jobless rates have improved somewhat, additional cutbacks are expected that will likely keep unemployment rates above average.

A community contact was performed with a representative of a community development organization in Pleasants County to gather information about the area's economy and local financial institutions. According to the contact, the economy remains somewhat weak due to the declining employment opportunities. The contact stated, however, that local banks have been extremely helpful in meeting the credit needs of the area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LOAN-TO-DEPOSIT RATIO

The average loan-to-deposit ratio for the previous eight quarters was 44% and is considered reasonable given the institution's financial capacity, size, and current local economic conditions. The average loan-to-deposit ratio for banks of similar size in nearby areas is 64%. While the bank's ratio is lower than the average, it does reflect the sluggish economy. Furthermore, the community contact emphasized that banks in the area, particularly The Pleasants County Bank, are adequately meeting the credit needs of the community.

LENDING IN ASSESSMENT AREA

A sample of 97 secured and unsecured consumer loans extended from July 1995 through July 1996 was reviewed to determine the bank's lending distribution within its assessment area. As illustrated below, a substantial majority of the number and dollar amounts of the sampled loans have been provided to residents of the area.

Comparison of Credit Extended Inside and Outside of Assessment Area

| | Inside Assessment Area | Outside Assessment Area | Total |
|--------------------------------------|-------------------------------|--------------------------------|--------------|
| Total Number of Loans | 84 | 13 | 97 |
| Percentage of Total Loans | 87% | 13% | 100% |
| Total Amount of Loans (000's) | \$515 | \$111 | \$626 |
| Percentage of Total Amount | 82% | 18% | 100% |

LENDING TO BORROWERS OF DIFFERENT INCOMES

The following table illustrates the distribution of the sampled loans originated within the assessment area by the income level of the borrower.

Distribution of Loans by Income Level of Borrower

| | Low-Income | Moderate-Income | Middle-Income | Upper-Income | Total |
|--------------------------------------|------------|-----------------|---------------|--------------|-------|
| Total Number of Loans | 9 | 22 | 22 | 31 | 84 |
| Percentage of Total Loans | 11% | 26% | 26% | 37% | 100% |
| Total Amount of Loans (000's) | \$24 | \$94 | \$162 | \$236 | \$515 |
| Percentage of Total Amount | 5% | 18% | 31% | 46% | 100% |

The volume of the bank's lending to low- and moderate-income residents(37%) adequately compares to the 21% and 18%, respectively, of such families in the assessment area. Middle- and upper-income families make up 19% and 42% respectively, of the population of the community. Furthermore, the bank periodically performs an analysis its lending activity by income level of the borrower. From January 1, 1996, through June 30, 1996, 39% of all loans were extended to low- and moderate-income individuals.

GEOGRAPHIC DISTRIBUTION OF LOANS

The bank's assessment area consists primarily of moderate- and middle-income areas. There are no low-income geographies located in the bank's assessment area. As shown by the following chart, the majority of the sampled loans was extended in middle-income areas.

Distribution of Loans in Assessment Area by Income Level of Census Tract

| | Moderate-Income | Middle-Income | Upper-Income | Total |
|--------------------------------------|-----------------|---------------|--------------|-------|
| Total Number of Loans | 5 | 74 | 5 | 84 |
| Percentage of Total Loans | 6% | 88% | 6% | 100% |
| Total Amount of Loans (000's) | \$37 | \$457 | \$21 | \$515 |
| Percentage of Total Amount | 7% | 89% | 4% | 100% |

Approximately 24% of the population in the assessment area resides in moderate-income census tracts which are all located in Washington County, Ohio. The bank's office and primary market, however, are located in Pleasants County, West Virginia, which is comprised of only middle-income BNAs. While the high concentration of lending (88%) in middle-income areas substantially exceeds the population residing in such areas (45%), this lending is consistent with the bank's location in middle-income geographies. Thirty-one percent of the population of the assessment area reside in upper-income BNAs or census tracts. Considering area demographics and the bank's location, the geographic distribution of the sampled loans throughout the assessment area appears reasonable.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS

The bank is in compliance with the substantive provisions of the fair lending and fair housing laws and regulations. An isolated and technical violation of the Equal Credit Opportunity Act's Regulation B was identified. Adequate policies, procedures and training programs have been developed to support nondiscrimination in lending activities.