



Comptroller of the Currency
Administrator of National Banks

Small Bank

Northeastern District
1114 Avenue of the Americas, Suite 300
New York, New York 10036

PUBLIC DISCLOSURE

October 25, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**First National Bank
of
Powhatan Point**

Charter Number 7759

**345 Highway 7 North
Powhatan Point, OH 43942**

**Office of the Comptroller of the Currency
4075 Monroeville Boulevard, Suite 300
Monroeville, Pennsylvania 15146**

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 Powhatan Point** prepared by **The Office of the Comptroller of the Currency** the institution's supervisory agency, as of October 25, 1999. 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.

First National Bank of Powhatan Point's (FNB) record of lending within its assessment area (AA) is reasonable and reflects comparably to similarly situated financial institutions. In addition, FNB's distribution of loans to borrowers of various income levels and businesses of different sizes is excellent. The bank makes a substantial majority of loans within its AA.

DESCRIPTION OF INSTITUTION

FNB is a \$14 million community bank located in the Belmont County Ohio. The bank is situated in a rural area along the Ohio/West Virginia border. The bank is an affiliate of Powhatan Point Community Bancshares, a one bank holding company located in Powhatan Point, Ohio. FNB is a full service bank offering a limited range of deposit and loan products. Product offerings include commercial loans, real estate mortgage loans, and consumer loans.

The bank's loan portfolio is broken down by *dollar* as follows: 42% residential real estate, 19% commercial, 38% consumer loans, and 1% other loans. There are no financial or legal impediments that would preclude FNB from lending.

FNB has one branch which also serves at its main office. FNB's single ATM is located at the branch.

FNB is one of the smallest financial institutions in its assessment area and competes with a variety of other moderately sized local institutions including several credit unions. Some larger financial institutions based in Ohio and West Virginia also have a presence within the bank's AA.

DESCRIPTION OF BANKS ASSESSMENT AREA

FNB has identified five census tracts (CT) and three block numbering areas (BNA) in two counties as their market area. These counties include Belmont and Monroe Counties. Belmont County is in the Wheeling West Virginia-Ohio Metropolitan Statistical Area (MSA). The AA is comprised of seven middle income geographies and one moderate income geography located within parts of two contiguous counties. These areas constitute political subdivisions. The AA complies with all regulatory requirements and does not arbitrarily exclude low or moderate income areas.

The bank's AA consists predominantly of small towns and rural communities. The population of FNB's AA as of the 1990 census was 33,773. Demographic data collected during the 1990 census, reports the average median family income as \$28,515. Updated 1999 median family income is \$39,012. Demographic data gathered during the 1990 census also reports that within the bank's AA, owner occupied housing represents 72% of housing units and the median housing value equals \$39,154.

Bank management confirmed that coal mining and industrial works continue to represent the largest employment categories in their area. Bank management advised that the economic condition of the AA remains stagnate with limited opportunities for employment. Local employment levels remain somewhat higher than the national average. According to bank management, the area continues to be negatively impacted by the loss or reduction of jobs in some industries such as mining. Powhatan Point's downtown area is economically distressed. However, a limited number of small businesses have opened along State Route 7, the area's main corridor.

FNB's AA has seen a steady rise in the population of retired persons. According to bank management, Powhatan Point has one of the states highest concentrations of retired persons. In addition, the area has a large population of persons on disability income. 1990 census data indicates 46% of the population receives public assistance or social security income. The AA's younger population base has steadily eroded due to limited economic opportunities. According to bank management a significant volume of persons relocate to the nearby cities of St. Clairsville and South Clarington, Ohio and Wheeling, WV.

Discussions with management confirmed that within their assessment area, credit needs continue to be concentrated primarily in residential mortgage and consumer lending. The demand for mortgage purchase, construction, and refinancing fluctuates depending upon interest rates. The bank offers conventional mortgage loan products. Community credit needs also include a limited volume of small business lending.

Examiners were unable to contact a local community group for information regarding community credit needs. However, bank management indicated a need for small dollar business loans. This type of lending would benefit the local economy's predominance of very small businesses. Furthermore, management sees a need for small dollar consumer loans which would benefit local residents with home improvement and consumer purchasing. While a general need exists for mortgage lending, the areas stagnant economy and a general trend in population outflow reduces these needs in relation to business and consumer lending.

SAMPLING

Business, residential mortgage and consumer loan data was collected from the bank through a random sample of residential mortgage loans, commercial loans, and consumer loans originated since 1996. Data was collected for loan volume and dollars originated to borrowers located inside and outside of the bank's assessment area.

Examiners sampled twenty loans from each product selected with the majority of loans originated within 1999 and 1998. The table below details lending activity since January 1, 1996 and sample volumes.

	Originations		Sample		Percentage	
	Dollar	Volume	Dollar	Volume	\$	#
Residential Loans	\$2,469	80	\$548	20	22%	25%
Consumer Loans	\$4,434	1,256	\$71	20	2%	2%
Business Loans	\$2,178	132	\$483	20	22%	15%

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan to Deposit Analysis

- The loan to deposit ratio is comparable to similarly situated banks and is trending upward.

FNB's loan to deposit ratio demonstrates an adequate commitment to lending in the community. The loan to deposit ratio over the past 13 quarters averages 35% and is below the peer average of 59%. The loan to deposit ratio is also generally trending upward with year end 1996, 1997, and 1998 ratios at 27%, 31%, and 42%, respectively. FNB's loan to deposit ratio as of June 30, 1999 remains at 42%. The local peer bank ratio included 14 rural financial institutions located in Ohio, Pennsylvania, and West Virginia with an asset size between \$10 and \$20 million. Approximately one half of these banks had a loan to deposit ratio under 50%.

Lending in Assessment Area

- The bank has achieved an excellent level of residential mortgage and consumer loan originations within its AA.

The bank lends actively within its AA. A substantial majority of the residential mortgage, consumer, and small business loans originated were to borrowers located within its assessment area. The table below details FNB's record of lending within the AA.

	Dollar	Volume
Residential	84%	85%
Consumer	72%	80%
Small Business	74%	90%

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Overall FNB has demonstrated an excellent degree of lending to low and moderate income borrowers and small businesses.

Residential Mortgage and Consumer Lending

- FNB's record of mortgage lending to low and moderate income families meets or exceeds area demographics.
- FNB's record of consumer lending to low and moderate income borrowers exceeds area demographics.

The following table details the sample distribution of mortgage and consumer loans originated by FNB to low and moderate income borrowers.

	Low Income Families		Moderate Income Families		Middle Income Families		Upper Income Families	
AA Families	25%		21%		22%		33%	
	####	\$\$\$\$	####	\$\$\$\$	####	\$\$\$\$	####	\$\$\$\$
Mortgage Loans	5	\$67	5	\$110	2	\$22	7	\$263
	25%	12%	25%	20%	10%	4%	35%	48%
Consumer Loans	10	\$17	7	\$28	1	\$4	2	\$22
	50%	24%	35%	40%	5%	5%	10%	31%

Business Lending

- FNB has demonstrated a strong commitment to small business lending by originating a significant majority of loans to local small businesses.

Small business loans are defined as those loans made to enterprises whose annual, gross revenues are \$1,000,000 or less. The volume of reporting businesses in the bank's AA, with gross annual revenues less than \$1 million represent 72% of total businesses. The loans sampled indicated 85% by volume and 61% by dollar of business loans were made to small businesses.

Geographic Distribution of Loans

FNB 's overall geographic distribution of loans is reasonable and reflects area demographics.

Residential Mortgage and Consumer Lending

- FNB's geographic distribution of residential mortgage and consumer loan originations reflect AA demographics.

Residential mortgage and consumer loans sampled did not include loans within FNB's one moderate income tract. However, bank management provided information indicating a small volume of lending within that tract. Lending opportunities within the moderate income tract are limited to difficult geographical access and demographic composition. The area's primary highway is a state road that does not access State Route 7 and Powhatan Point. The area is primarily rural comprising only 10% of the entire AA's population and owner occupied housing base. In addition, 25% of the area population lives below the poverty level.

Business Lending

- FNB's geographic distribution of small business loans reflects AA demographics.

Small business loans sampled did not include loans within FNB's one moderate income tract. However, bank management provided information indicating a small volume of lending within that tract. Lending opportunities within the moderate income tract are limited to difficult geographical access and demographic composition. The area's primary highway is a state road that does not access State Route 7 and Powhatan Point. The area is primarily rural comprising only 12% of the entire AA's reporting small businesses. Demographics also indicate the 18% of reporting businesses are within the agricultural industry, compared to an overall AA percentage of 7%. FNB does not have specific expertise for this type of lending.

Response to Complaints

No complaints have been received since the last examination.

Record of Compliance with Antidiscrimination Laws

Examiners found no violations of the antidiscrimination laws and regulations. The bank has appropriate policies, procedures and training programs in place to prevent discriminatory or other illegal credit practices.