

**Small Bank**

**PUBLIC DISCLOSURE**

January 6, 1998

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

**Progressive Bank, NA  
Charter Number: 21144**

**West Main & Locust Streets  
P.O. Box 160  
Buckhannon, West Virginia 26201**

**Comptroller of the Currency  
Western Pennsylvania Field Office  
4075 Monroeville Boulevard, Suite 300  
Monroeville, PA 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 **Progressive Bank, NA** prepared by the **Comptroller of the Currency**, the institution's supervisory agency, as of **January 6, 1998**. 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**.

Progressive Bank, NA is responsive to the credit needs of the community, including low-and moderate-income individuals. This satisfactory performance is supported by the following:

- ♀ A stable average loan to deposit ratio of 65%, as of September 30, 1997;
- ♀ The majority of residential real estate (87%) and consumer installment loans (67%) originated within the bank's assessment area;
- ♀ The reasonable distribution of loans among borrowers of diverse income levels reflecting the characteristics of their assessment area; and,
- ♀ A good record of lending to small business.

The following table indicates the performance level of **Progressive Bank, NA** with respect to each of the five performance criteria.

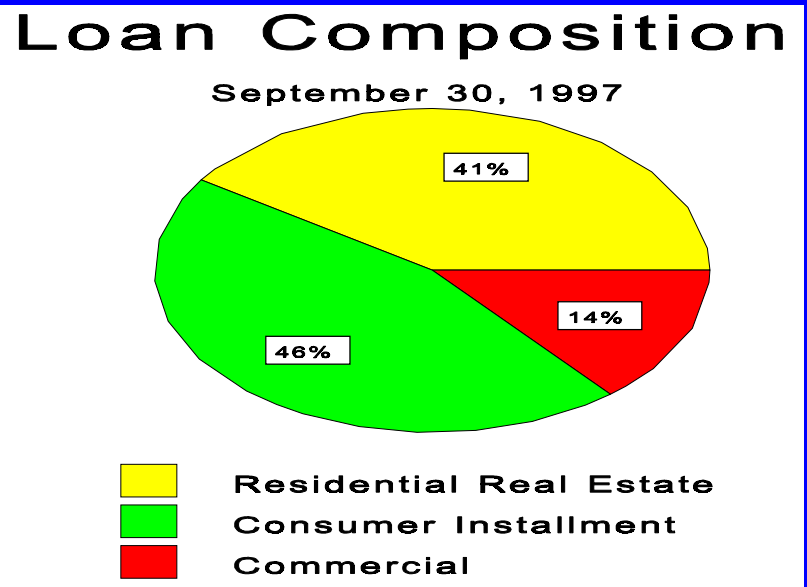
<b>SMALL INSTITUTION ASSESSMENT CRITERIA</b>	<b><u>Progressive Bank, NA</u> PERFORMANCE LEVELS</b>		
	<b>Exceeds Standards for Satisfactory Performance</b>	<b>Meets Standards for Satisfactory Performance</b>	<b>Does not meet Standards for Satisfactory Performance</b>
Loan to Deposit Ratio		<b>X</b>	
Lending in Assessment Area		<b>X</b>	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		<b>X</b>	
Geographic Distribution of Loans	<b>This analysis was not meaningful due to a lack of low- and moderate-income geographies.</b>		
Response to Complaints	<b>No Complaints were received since the last examination</b>		

## DESCRIPTION OF INSTITUTION

Progressive Bank, NA (Progressive) is a wholly owned subsidiary of First West Virginia Bancorp, a two bank holding company headquartered in Wheeling, West Virginia. As of September 30, 1997, Progressive's assets totaled \$27 million with \$16 million in loans and \$25 million in deposits. The bank offers a range of traditional loan and deposit products.

Progressive's primary business focus is the consumer market with a majority of the loan portfolio comprised of individual installment and residential mortgage loans. A breakdown of the loan portfolio by total dollar volume is shown in the chart to the right.

Progressive operates two branches. One office is located in Buckhannon, WV, Upshur County, and houses the bank's administrative offices. Since the last CRA examination, a second branch was opened in Weston, WV, Lewis County and houses a drive-up automated teller machine (ATM). Both offices offer drive-up facilities. The bank does not have any financial or legal impediments hindering its ability to help meet community credit needs. Banking within the AA is competitive. Progressive competes with both small financial institutions and branches of a large regional bank.



## DESCRIPTION OF THE ASSESSMENT AREA

Progressive's assessment area (AA) is comprised of Upshur and Lewis Counties, West Virginia.

Eleven census tracts make up these two counties which are not located within a Metropolitan Statistical Area (MSA). Ten of the census tracts are designated middle income and one tract designated upper income. Therefore, an analysis of the geographic distribution of Progressive's lending patterns would not be meaningful. The bank's AA meets the requirements of the Community Reinvestment Act (CRA) regulation and does not arbitrarily exclude low- and moderate-income geographies.

The U. S. Department of Housing and Urban Development estimated the MSA/non-MSA median family income in this AA, in 1997, to be \$27,600. Unemployment at 5% is below state and national averages of 7.4% and 5.3% respectively. The AA has traditionally relied on timber, gas, oil and coal as primary industries for employment. While the timber industry has remained relatively stable, the coal, oil and gas industries have declined. The area has focused on service

oriented businesses such as manufacturing, education, and health care to provide future employment opportunities.

The population of the AA is approximately 40,000. Upshur County has shown a slight increase in population from 23,427 in 1980 to 23,867 in 1990. The state of West Virginia, however, has experienced an overall decline in population from 1,949,644 to 1,793,477 over the same time period. Detailed population information for Lewis County was unavailable. The population is aging with 15% of West Virginians above the age of 65 years which is above the national average of 12.6% of total U.S. population above 65 years.

Community contacts within the assessment area indicate that the primary need within the assessment area is jobs. There has been some retail expansion within the community, however, these are primarily minimum wage positions. The lower paying jobs have created a need for more flexible and creative housing loan products. In addition, the aging population has created a need for home improvement loans.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

### **Loan-to-Deposit Ratio**

Progressive's average loan to deposit ratio (LTD) of 65% for the past eight quarters is reasonable given the bank's size and financial condition, as well as the AA's economic condition and credit needs. In relationship to five other financial institutions of comparable size operating within Upshur, Lewis and surrounding counties, Progressive's average LTD is in line with a local peer group average of 67% as of September 30, 1997. Progressive's LTD ratio has fluctuated over the past eight quarters but shows an overall upward trend.

### **Lending in the Assessment Area**

A majority of Progressive's loans are within the bank's AA. We analyzed the locations of 217 consumer installment and 54 residential real estate loans originated in 1997. We found 70% of these loans and 72% of the dollar volume were originated within the bank's AA. Please see the table below for a detailed breakdown of this analysis.

1997 Originations

Loan Type	Loans in Assessment area			
	#	%	\$	%
Consumer Real Estate	54	87%	\$1,991M	80%
Installment	217	67%	\$2,487M	66%
Total Loans=385 \$=6,248M	271	<b>70%</b>	\$4,478M	<b>72%</b>

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

The distribution of loans to borrowers reflects, given the demographics of the AA, reasonable penetration among individuals of different income levels ( including low- and moderate-income) and businesses of different sizes. The table below illustrates the distribution of loan originations in 1997 by income level of the borrower. Progressive has a good record of lending to small business. In our review of commercial loans we found that 100% of commercial loan originations were to small business. A small business loan is defined as a loan made to a company with annual revenues \$1 million or less. Progressive offers Small Business Administration (SBA) financing and originated one new SBA loan of \$32,000 since the prior CRA examination in 1994.

		<b>Low</b>	<b>Moderate</b>	<b>Middle</b>	<b>Upper</b>
<b>Residential Real Estate</b>	#	5%	25%	20%	50%
	\$	4%	13%	25%	58%
<b>Consumer</b>	#	8%	30%	17%	45%
	\$	1.5%	10.5%	22%	66%
<b>Total</b>	#	7%	28%	18%	47%
	\$	3%	12%	24%	61%

### **Geographic Distribution of Loans**

No meaningful analysis of Progressive's geographic distribution could be conducted due to the lack of low- and moderate- income geographies with their AA.

### **Response to Complaints**

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

### **Fair Lending Analysis**

We performed a fair lending analysis concurrent with this examination. Progressive is in satisfactory compliance with the provisions of anti-discrimination laws and regulations. Practices and procedures used by lending staff in daily activity are adequate.