

**PUBLIC DISCLOSURE**  
April 23, 2001  
**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

F&M Bank–West Virginia, Inc.  
834531  
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Ranson, West Virginia 25438

**Federal Reserve Bank of Richmond**  
**P. O. Box 27622**  
**Richmond, Virginia 23261**

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.

### **Definitions**

The following terms are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Assessment Area** - A delineated community including the geographies in which the bank has its main office, branches, and deposit-taking Automated Teller Machines (ATMs). As well as, the surrounding geographies in which the bank has originated or purchased a substantial portion of its loans, including home mortgage loans, small-business and small-farm loans, and any other loans on which the bank chooses to have its performance assessed.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. BNAs have been established by the United States Census Bureau in conjunction with state agencies.

**Census Tract** - Small, locally defined areas within metropolitan statistical areas. These areas are determined by the United States Census Bureau in an attempt to group homogenous populations. A census tract has defined boundaries per ten year census and an average population of 4,000.

**Community Development** - Initiatives in the form of loans, investments, or services which provide for the following:

Affordable housing for low- or moderate-income individuals;

Community services targeted to low- or moderate-income individuals;

Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or

Activities that revitalize or stabilize low- or moderate-income geographies.

Community development activities generally cannot be double counted, for example, loans required for reporting as small business, small farm, or home mortgage (except for multifamily housing) cannot also be reported as community development loans.

**Community Reinvestment Act (CRA)** - The statute requiring the federal financial supervisory agencies to assess an institution's record of helping to meet the credit needs of the local communities in which the institution is chartered, consistent with the safe and sound operation of the institution, and to take this record into account in the agency's evaluation of an application for a deposit facility by the institution.

**Geography** - A census tract or a block numbering area as delineated by the United States Census Bureau.

**Home Mortgage Disclosure Act (HMDA)** - The statute that requires most mortgage lenders who have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Income Level** includes:

**Low-Income** - Income levels that are less than 50% of the median family income.

**Moderate-Income** - Income levels that are at least 50% and less than 80% of the median family income.

**Middle-Income** - Income levels that are at least 80% and less than 120% of the median family income.

**Upper-Income** - Income levels that are 120% or more of the median family income.

**Median Family Income** - The median income determined by the United States Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the Director of the United States Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction. Two or more MSAs having a population of one million or more residents may be recognized as a **consolidated metropolitan statistical area (CMSA)** if the individual MSAs demonstrate strong internal, social, and economic ties within the entire area. The individual MSAs included in a CMSA are then referred to as **primary metropolitan statistical areas (PMSA)**.

**Small Business Loans** - Loans with original amounts of \$1 million or less that are secured by nonfarm nonresidential properties or commercial and industrial loans to U. S. addresses.

**Small Farm Loans** - Loans with original amounts of \$500 thousand or less that are secured by farmland or to finance agricultural production and other loans to farmers.

#### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The following table indicates the performance level of F&M Bank–West Virginia, Inc., with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	F&M Bank–West Virginia, Inc.		
	PERFORMANCE TESTS		
	LENDING TEST *	INVESTMENT TEST	SERVICE TEST
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

F&M Bank–West Virginia, Inc., (FMWV) primarily serves its assessment areas through direct lending. A substantial majority of the institution’s loans were originated within the bank's two assessment areas, and the distribution of lending throughout both assessment areas is considered reasonable. Further, loans have been extended to businesses and farms of varying sizes and to customers of different income levels. Participation in qualified community development investments is considered adequate. Delivery systems and branch locations are readily accessible to all segments of the assessment areas, and the bank has not received any complaints regarding its CRA performance since the previous examination.

**DESCRIPTION OF INSTITUTION:**

FMWV is headquartered in Ranson, West Virginia, and currently operates 13 full-service branches in eastern West Virginia. The institution is a subsidiary of F&M National Corporation, a multi-bank holding company located in Winchester, Virginia. Through F&M National Corporation’s ownership, FMWV is affiliated with nine regional banks and a group of other nonbank affiliates, which are owned by F&M Bank-Winchester. FMWV does not operate any subsidiary entities.

The bank serves two noncontiguous assessment areas. The larger market includes all of Berkeley and Jefferson Counties located in eastern West Virginia. This market is located within the Washington DC-MD-VA-WV primary metropolitan statistical area

(PMSA). The smaller market includes all of Mineral County, West Virginia, which is located west of the Berkeley/Jefferson market. The Mineral County market is included in the Cumberland MD-WV metropolitan statistical area (MSA). Although both markets are part of metropolitan areas, they are primarily rural communities.

As of December 31, 2000, the bank's assets totaled \$301.3 million of which 60.8% were loans and 30.0% were securities. The loan portfolio as of this date consisted of 54.8% residential real estate secured, 18.1% commercial and agricultural, 15.6% other real estate (including farmland and nonresidential property), 7.6% consumer, 3.7% construction and land development, and 0.2% other. Since December 31, 1999, loans, assets and deposits have decreased by 2.3%, 2.5% and 1.9%, respectively. The institution's previous CRA rating, issued as of April 10, 2000, was satisfactory.

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

### **LENDING TEST**

The bank primarily serves its assessment area through direct lending. During the three-quarter period ending December 31, 2000, the quarterly average loan-to-deposit ratio for all banks headquartered in metropolitan areas of West Virginia and of similar asset size to FMWV ranged from 81.4% to 90.5%. FMWV's loan-to-deposit ratio averaged 70.5% (ranging from 69.5% to 70.6%) during the same time period.

As identified in the institution's CRA Public File, a full range of credit products is offered including commercial, small business, residential mortgage, home improvement, and various consumer loans.

### Lending Activity

The following chart summarizes the bank's lending activity since January 1, 2000, through March 6, 2001, by number, dollar amount, and percentage for the types of credit listed. All of the data in the following table reflect direct loan originations; the bank has not purchased any loans required for reporting during the evaluation period. The consumer loan category includes home equity loans and lines of credit, motor vehicle loans, consumer secured loans, and consumer unsecured loans.

<b>Purpose</b>	<b>Number</b>	<b>Percentage</b>	<b>Dollars (000's)</b>	<b>Percentage</b>
Small Business*	112	8.1%	\$9,837	37.1%
Small Farm*	5	0.4%	\$303	1.1%
Small Business Secured by Real Estate	21	1.5%	\$2,088	7.9%
Home Purchase**	57	4.1%	\$3,856	14.6%
Refinance**	33	2.4%	\$2,266	8.6%
Home Improvement**	79	5.6%	\$675	2.5%
Multifamily/Nonoccupant**	0	0.0%	\$0	0.0%
Consumer	1,082	77.9%	\$7,472	28.2%
<b>Total</b>	<b>1,389</b>	<b>100.0%</b>	<b>\$26,497</b>	<b>100.0%</b>

The asterisks indicate loan types that are subject to data collection by the institution in accordance with Regulations BB (\*) and C (\*\*).

#### Assessment Area Concentration

The following table compares the institution's volume of lending inside its market area versus outside. The data include all small business, small farm, small business secured by real estate, HMDA, and consumer loans originated by the bank from January 1, 2000, through March 6, 2001.

#### Comparison of Credit Extended Inside and Outside of Assessment Areas

	IN				OUT			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Small Business	102	7.3%	\$8,724	32.9%	10	0.7%	\$1,113	4.2%
Small Farm	5	0.4%	\$303	1.1%	0	0.0%	\$0	0.0%
Small Business Secured by Real Estate	19	1.4%	\$2,003	7.6%	2	0.1%	\$85	0.3%
HMDA	162	11.7%	\$6,594	24.9%	7	0.5%	\$203	0.8%
Consumer	1,009	72.6%	\$6,951	26.2%	73	5.3%	\$521	2.0%
Totals	1,297	93.4%	\$24,575	92.7%	92	6.6%	\$1,922	7.3%

A substantial majority of the number and dollar amounts (93.4% and 92.7%, respectively) of the loans have been provided to area residents and businesses. As indicated in the table, the institution has extended only a limited (five) number of small farm loans within its assessment areas. The lack of small farm lending within the assessment areas is not uncommon, as there are few farms or businesses supporting agricultural production in local markets. During 1999, of all financial institutions subject to reporting data on small farm lending, only 24 such loan extensions were reported in both markets on a combined basis. Overall, the level of lending in the bank's market areas is considered highly responsive to community credit needs.

The geographic distribution of loans and the distribution of loans by borrower income and business revenues are discussed in detail later in this evaluation. The bank's penetration of lending into low- and moderate-income areas and to low- and moderate-income borrowers and to businesses with revenues of \$1 million or less was generally consistent with the various proxies used to estimate loan demand.

### Community Development Loans

During the evaluation period, the bank extended and reported one loan equaling \$86,327 within this category. To the extent that the bank may have originated other loans for community development purposes in its assessment areas, such credit extensions have been reported as small business or HMDA loans and cannot also be counted as community development loans.

Overall, the institution's lending activities are reasonable and rated high satisfactory under the lending test.

### **INVESTMENT TEST**

As of the examination date, total qualified investments equaled \$527,888, while total assets, as of December 31, 2000, equaled \$301.3 million and the overall securities portfolio totaled \$91.7 million. Included in the qualified investment total is \$12,765 of stock in the West Virginia Capital Corporation (WVCC). Formerly known as the West Virginia Bankers Community Development Corporation, the WVCC is a privately owned company in which state financial institutions pool money to provide financing to small businesses located within the state of West Virginia. Most borrowers obtaining funds fail to qualify for conventional loans under standard lending criteria.

Other qualified investments include a municipal bond. Donations and/or grants to local charitable organizations whose operations benefit primarily low- and moderate-income families or areas and microenterprise development have also been provided. The institution's level of responding to community development needs through its investment activities is rated low satisfactory.

## **SERVICE TEST**

The overall rating under the service test is high satisfactory. Delivery systems, including automated teller machines (ATMs) and branch locations, are considered readily accessible, and the hours of operation are convenient to all portions of the assessment areas. No branches have been opened or closed since the previous examination. A branch closing policy has been adopted as required by the Federal Deposit Insurance Corporation Improvement Act of 1991.

Additional details pertaining to the bank's performance under the lending test, investment test, and service test are provided later in this report.

## **COMPLIANCE WITH ANTIDISCRIMINATION LAWS AND REGULATIONS**

No credit practices inconsistent with the substantive provisions of the fair housing and fair lending laws and regulations were identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

### **METROPOLITAN ASSESSMENT AREAS**

(for metropolitan areas with some or all assessment areas reviewed using the examination procedures)

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BERKELEY/JEFFERSON ASSESSMENT AREA:**

The Berkeley/Jefferson assessment area is located in the tip of the eastern panhandle of West Virginia and is part of the Washington DC-MD-VA-WV PMSA. The assessment area includes all of Berkeley and Jefferson Counties, West Virginia. Nine branch offices serve a community of 95,179 residents. Home ownership is somewhat more prevalent in the assessment area (64.0%) than in the PMSA (57.3%). The 1990 median housing value within the assessment area equals \$74,414 and is substantially lower than the PMSA's median housing value of \$160,046. When compared to the assessment area's 1990 median family income (\$32,926), housing is generally considered affordable. However, the percentage of assessment area families below the poverty level (8.8%) is twice that of the PMSA (4.4%). The relatively high owner-occupancy rate, lower cost housing, and relatively high poverty rate are typical for a primarily rural community that is included within a MSA. The 2000 median family income for the PMSA equals \$82,800.

The following table provides demographic data for the assessment area by the income level of families and the percentage of population living in block numbering areas (BNAs) of varying income levels. The table also includes the distribution of owner-



occupied housing units and area poverty rates by income level of BNA.

	Low- Income	Moderate -Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	36.9%	31.6%	19.7%	11.8%	100%
Percentage of Population by BNA Income Level	N/A	100%	N/A	N/A	100%
Percentage of Owner-Occupied Housing Units by BNA Income Level	N/A	100%	N/A	N/A	100%
Number of BNAs by Income Level	0	18	0	0	18
Percentage of Families Below Poverty by Income Level of BNA	N/A	8.8%	N/A	N/A	N/A

The assessment area's close proximity to larger urban areas such as Frederick and Hagerstown, Maryland; the District of Columbia; and suburban Northern Virginia provides employment for a large number of residents. Major local employers include Charles Town Races, (horse racing and gaming facility), Royal Vendors (soft drink vending machine manufacturer), Norm Thompson (catalogue distributor), Veterans Administration Hospital, and the local municipal government. As of March 2001, Berkeley and Jefferson Counties had unemployment rates of 5.2% and 2.8%, respectively. These rates compare favorably to the state's average rate of 5.7%.

A local government official was contacted during the examination to further assist in evaluating the bank's CRA performance in this assessment area. He indicated that area financial institutions appear to be reasonably meeting the credit needs of the community.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE BERKELEY/JEFFERSON ASSESSMENT AREA:**

**LENDING TEST**

### Distribution of Loans by Geography

As noted previously, the entire Berkeley/Jefferson assessment area is comprised of moderate-income BNAs. Accordingly, all of the loans included in the following chart were extended in moderate-income areas.

<b>TYPE</b>	<b>Number</b>	<b>Dollars (000's)</b>
Small Business	85	\$6,748
Small Farm	5	\$303
Small Business Secured by Real Estate	19	\$2,003
HMDA	132	\$6,752
Consumer	749	\$5,594
<b>TOTALS</b>	<b>990</b>	<b>\$21,400</b>

### Borrower Profile

The following tables represent the distribution by borrower revenue and income of the small business, small business secured by real estate, small farm, HMDA, and consumer loans extended in the bank's assessment area since January 1, 2000, through March 6, 2001. Area demographic data, Dunn & Bradstreet (D&B) business data, and market aggregate data are used as proxies for demand when evaluating the bank's lending to borrowers of different revenue and income levels. HMDA and CRA aggregated data include FMWV and all reporting institutions that originated small business and residential real estate loans within the bank's market during calendar year 1999 (2000 aggregate data is not yet available). Aggregated consumer loan data is not available, as financial institutions are not required to collect or report such data.

### Distribution of Lending by Loan Amount and Size of Business

For presentation purposes, the small business and real estate secured small business loans are combined in the following table.

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Total Revenues ≤ \$1 Million	66	64.7%	12	11.8%	5	4.9%	83	81.4%
Total Revenues > \$1 Million	11	10.8%	6	5.8%	2	2.0%	19	18.6%
Totals	77	75.5%	18	17.6%	7	6.9%	102	100.0%
Revenues Not Reported Or Not Known	2		0		0		2	

Distribution of Lending by Loan Amount and Size of Farms

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Total Revenues ≤ \$1 Million	4	80.0%	1	20.0%	0	0.0%	5	100.0%
Total Revenues > \$1 Million	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Totals	4	80.0%	1	20.0%	0	0.0%	5	100.0%
Revenues Not Reported Or Not Known	0		0		0		0	

As illustrated in the preceding tables, 81.4% (83) of the 102 small business and all (5) of the small farm loans were provided to entities with revenues of \$1 million or less. In contrast, the June 1999 D&B data revealed that 94.6% of all assessment area businesses (including farms) generated revenues of \$1 million or less. Additionally, 64.7% (66) of the small business and 80% (4) of the small farm loans were in amounts of \$100,000 or less. When utilizing the D&B information as an estimate of potential demand and in recognition of the substantial volume of loans in amounts of \$100,000 or less, the level of small business and small farm lending is considered reasonable.

### Distribution of HMDA Loans by Income Level of Borrower

The bank reported a total of 111 HMDA loan originations within the assessment area; however, 2 (1.8%) of the transactions did not contain income data and therefore are not included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of HMDA Loans	51	37	15	6	109
Percentage of Total Loans	46.8%	33.9%	13.8%	5.5%	100%
Total Amount of HMDA Loans (000's)	\$1,777	\$2,020	\$1,106	\$686	\$5,589
Percentage of Total Amount	31.8%	36.1%	19.8%	12.3%	100%

In cases where income was known, 46.8% of the HMDA loans extended by the bank were to low-income borrowers and 33.9% were to moderate-income borrowers. This level of lending compares favorably to the 1999 aggregate HMDA data which indicates that when income was known 36.4% of all loans by area HMDA reporters were to low-income borrowers and 35.3% were to moderate-income borrowers. Additionally, the level of lending to low- and moderate-income borrowers also exceeds the proportion of area families that are considered low- (36.9%) and moderate-income (31.6%).

### Distribution of Consumer Loans by Income Level of Borrower

The bank collected data on a total of 749 consumer loan originations within the assessment area, however, 37 (4.9%) of the transactions did not contain income data and cannot be included in the analysis.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Consumer Loans	503	147	49	13	712
Percentage of Total Loans	70.7%	20.6%	6.9%	1.8%	100%
Total Amount of Consumer Loans (000's)	\$2,910	\$1,332	\$591	\$295	\$5,128
Percentage of Total Amount	56.7%	26.0%	11.5%	5.8%	100%

As indicated in the table, 70.7% of the bank's consumer loan originations were to low-income borrowers. This level of lending exceeds the proportion of area families that are low-income (36.9%), while the level of lending to moderate-income borrowers (20.6%) trails the corresponding proportion of area moderate-income families (31.6%).

### Community Development Loans

Since the previous examination, the bank extended one loan totaling \$86,327 that meets the technical definition as a community development loan. The loan was extended to a nonprofit organization that provides specialized educational services to disadvantaged students and those having unique educational challenges. The loan proceeds will directly benefit a headstart program operating in Berkeley County, a moderate-income community.

The overall level of lending within its assessment area, as evaluated for the geographic distribution, borrower distribution, and level of community development loans is considered reasonable in conjunction with the bank's market strategy, area demographic data, and aggregate CRA and HMDA data.

### **INVESTMENT TEST**

The institution continues to hold approximately \$515,000 in Berkeley County and the City of Martinsburg municipal bonds. These bonds were issued by the area Public Service Authority to fund water and sewer projects and by the local Board of Education. As indicated beforehand, all BNAs in Berkeley County, including the City of Martinsburg, are moderate-income geographies. As

previously noted, the institution also owns \$12,765 of West Virginia Capital Corporation stock. Overall, the institution's level of qualified investments is considered adequate.

## **SERVICE TEST**

### Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Additional delivery systems include bank-by-mail services and a 24-hour automated telephone inquiry system.

### Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the local market. FMWV currently operates nine full-service branches, all of which are located in moderate-income areas. Office hours are reasonable and consistent with other financial institutions in the market.

### Community Development Services

The bank offers low-cost checking accounts to individuals and nonprofit organizations. These accounts benefit all segments of the community including low-and moderate-income individuals. An officer of the bank also serves on the West Virginia Housing Authority's Ad Hoc Loan Committee. The committee promotes homeownership for first-time buyers, many of whom are low- or moderate-income. The services are targeted within Berkeley County.

Overall, the bank's systems for delivering banking services appear effective and available to all portions of the assessment area. The services test rating is high satisfactory.

## **DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MINERAL COUNTY ASSESSMENT AREA:**

The Mineral County assessment area is located in the eastern panhandle of West Virginia and is part of the Cumberland MD-WV MSA. The assessment area includes all of Mineral County, West Virginia. Four branch offices serve a community of 26,697 residents. Home ownership is slightly more prevalent in the assessment area (70.8%) than in the MSA (65.5%). The 1990 median housing value within the assessment area equals \$49,059 and is slightly higher than the MSAs median housing value of \$46,708. When compared to the assessment area's 1990 median family income (\$26,898), housing is generally considered

affordable. The percentage of assessment area families below the poverty level (10.4%) is slightly less than that of the MSA (12.1%). The 2000 median family income for the MSA equals \$37,500.

The following table provides demographic data for the assessment area by the income level of families and the percentage of population living in census tracts of varying income levels. The table also includes the distribution of owner-occupied housing units and area poverty rates by income level of tract.

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Percentage of Area Families by Income Level	18.0%	19.6%	23.9%	38.5%	100%
Percentage of Population by Census Tract Income Level	N/A	9.8%	90.2%	N/A	100%
Percentage of Owner-Occupied Housing Units by Census Tract Income Level	N/A	9.2%	90.8%	N/A	100%
Number of Census Tracts by Income Level	0	1	6	0	7
Percentage of Families Below Poverty by Income Level of Census Tracts	N/A	17.3%	9.6	N/A	N/A

As of March 2001, the Mineral County unemployment rate equaled 7.7%, which exceeds the overall state rate of 5.7%. Large local employers include the Alliant Techsystems Incorporated (propulsion unit manufacturer), Kessel Lumber, Mineral Fabrication (steel fabricator), Westvaco (paper and pulpwood producer), and the county government and school system.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE MINERAL COUNTY ASSESSMENT AREA:

### LENDING TEST

The following tables represent the geographic distribution and distribution by borrower revenue and income of the small business, HMDA, and consumer loans extended in the bank's assessment area since January 1, 2000, through March 6, 2001. No small business loans secured by real estate or small farm loans were reported within this market. Area demographic data, June 1999 D&B business data, and market aggregate data are used as proxies for demand when evaluating the bank's penetration into geographies of different income levels and to borrowers of different revenue and income levels.

HMDA and CRA aggregated data include FMWV and all reporting institutions that originated small business and residential real estate loans within the bank's market during calendar year 1999 (2000 data is not yet available). Aggregated consumer loan data is not available, as financial institutions are not required to collect or report such data. As noted previously, the market area contains one moderate-income and six middle-income census tracts; there are no low- or upper-income tracts within this market.

#### Distribution of Loans by Geography

##### Distribution of Small Business Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Total
Total Number of Loans	0	17	17
Percentage of Total Loans	0%	100%	100%
Total Amount of Loans (000's)	\$0	\$1,976	\$1,976
Percentage of Total Amount	0%	100%	100%

Demand for business loans within the market area appears to be somewhat limited. According to 1999 aggregate CRA data, only 174 small business loans were originated and reported. As illustrated in the preceding table, the bank did not originate any small business loans in the moderate-income census tract and, according to the aggregate CRA data, only eight loans were extended in such area during 1999. Additional analysis of such a small group of loans (17) is not warranted.



### Distribution of HMDA Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Total
Total Number of Loans	2	49	51
Percentage of Total Loans	3.9%	96.1%	100%
Total Amount of Loans (000's)	\$4	\$796	\$800
Percentage of Total Amount	0.5%	99.5%	100%

The bank's level of lending in moderate-income areas trails the 1999 aggregate HMDA statistics. Of all lenders reporting HMDA loans in this market, 6.9% of the loans were to residents of the moderate-income census tract and the remaining 93.1% (758) were to residents of middle-income census tracts. Although somewhat low, this level of lending is considered adequate, in part, because of the limited number (56) of moderate-income area loans reported by all lenders within the market.

### Distribution of Consumer Loans by Income Level of Geography

	Moderate- Income	Middle- Income	Total
Total Number of Loans	11	249	260
Percentage of Total Loans	4.2%	95.8%	100%
Total Amount of Loans (000's)	\$27	\$1,330	\$1,357
Percentage of Total Amount	2.0%	98.0%	100%

As noted previously, within the market's demographic description, 9.8% of the local residents reside in the moderate-income census tract, while the remaining residents reside in the middle-income census tracts. The bank's level of penetration into the moderate-income tract (4.7%) is lower than the proportion of population residing in such area. However, within the moderate-income tract 17.3% of area families are below the poverty level. This concentration of impoverished residents most likely reduces the overall demand for credit from many residents of the moderate-income census tract. Nonetheless, the bank's level of consumer lending in the moderate-income census tract is considered adequate.

### Borrower Profile

Distribution of Lending by Loan Amount and Size of Business

	\$0 - \$100,000		>\$100,000 to \$250,000		> \$250,000		Total	
Total Revenues ≤ \$1 Million	12	70.6%	0	0.0%	2	11.8%	14	82.4%
Total Revenues > \$1 Million	2	11.7%	1	5.9%	0	0.0%	3	17.6%
Totals	14	82.3%	1	5.9%	2	11.8%	17	100.0%
Revenues Not Reported Or Not Known	0		0		0		0	

As previously noted, only 174 small business loans were originated and reported in 1999 in this assessment area. As illustrated in the preceding table, 82.4% (14) of the 17 small business loans reported by the bank were provided to entities with revenues of \$1 million or less. Additional analysis of such a small group of loans (17) would not yield meaningful data.

Distribution of HMDA Loans by Income Level of Borrower

	Low-Income	Moderate-Income	Middle-Income	Upper-Income	Total
Total Number of HMDA Loans	13	12	8	18	51
Percentage of Total Loans	25.5%	23.5%	15.7%	35.3%	100%
Total Amount of HMDA Loans (000's)	\$86	\$114	\$125	\$475	\$800
Percentage of Total Amount	10.8%	14.2%	15.6%	59.4%	100%

All of the loans reported by the bank in this market included income and are included in the preceding table. Almost half (49.0%) of the HMDA loans extended by the bank were to low- and moderate-income borrowers. This level of lending compares favorably to the 1999 aggregate HMDA data which indicates that when income was known 10.6% of all loans were to low-income borrowers and 15.4% were to moderate-income borrowers. The bank's level of lending also exceeds the proportion of area families that are considered low- (18.0%) and moderate-income (19.6%).

Distribution of Consumer Loans by Income Level of Borrower

	Low- Income	Moderate- Income	Middle- Income	Upper- Income	Total
Total Number of Consumer Loans	48	83	63	66	260
Percentage of Total Loans	18.5%	31.9%	24.2%	25.4%	100%
Total Amount of Consumer Loans (000's)	\$177	\$335	\$330	\$515	\$1,357
Percentage of Total Amount	13.0%	24.7%	24.3%	38.0%	100%

Of the consumer loans sampled during the examination, the level of lending to low-income borrowers (18.5%) is analogous to the proportion of area low-income families (18.0%), while the level of lending to moderate-income borrowers (31.9%) substantially exceeds the proportion of area families (19.6%).

Community Development Loans

No community development loans have been originated in this assessment area since the previous examination. FMWV has extended loans that facilitate small business development and loans that benefit low- and moderate-income people and areas in this market. These extensions of credit, however, were subject to reporting as small business or HMDA loans and cannot also be reported as community development loans.

The overall level of lending within its assessment area, as evaluated for the geographic distribution, borrower distribution, and level of community development loans is considered reasonable in conjunction with the bank's market strategy, area demographic data, and

aggregate CRA and HMDA data.

## **INVESTMENT TEST**

As previously noted, the institution owns \$12,765 of West Virginia Capital Corporation stock. Overall, the institution's level of qualified investments is considered adequate.

## **SERVICE TEST**

### Accessibility of Delivery Systems

Delivery systems are accessible to all portions of the assessment area. ATMs are available and, through a network, provide customers with 24-hour nationwide access. Additional delivery systems include bank-by-mail services and a 24-hour automated telephone inquiry system.

### Branch Locations and Hours of Operation

Branch locations and business hours are considered convenient and meet the needs of the local market. FMWV currently operates four full-service branches, none of which are located in the moderate-income census tract. Office hours are reasonable and consistent with other financial institutions in the market.

### Community Development Services

The bank offers low-cost checking accounts to individuals and nonprofit organizations. These accounts benefit all segments of the community including low-and moderate-income individuals.

Overall, the bank's systems for delivering banking services appear effective and available to all portions of the assessment area, including the moderate-income area. The services test rating is high satisfactory.