



Comptroller of the Currency
Administrator of National Banks

Cleveland Duty Station
3 Summit Park Drive, Suite 530
Independence, Ohio 44131

PUBLIC DISCLOSURE

October 2, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The Peoples National Bank of Mount Pleasant
Charter Number 6667
P.O. Box 217
Mount Pleasant, Ohio 43939**

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 **The Peoples National Bank of Mount Pleasant** prepared by the Comptroller of the Currency, the institution's supervisory agency, as of October 2, 1996. 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.

The Peoples National Bank of Mount Pleasant has a satisfactory record of meeting the credit needs of its assessment areas. Loans are made to borrowers throughout the assessment areas. Loans are made to borrowers with differing income levels. Products offered are responsive to the needs of the community. The bank's level of lending is low, but reasonable as it is a result of the weakened local economy. Services are marketed through direct contact with customers, and by directors, officers, and employee participation in community organizations.

The following table indicates the performance level of The Peoples National Bank of Mount Pleasant with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	<u>The Peoples National Bank of Mount Pleasant</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 Peoples National Bank of Mount Pleasant (PNB) is a \$41 million institution headquartered in Mount Pleasant, Ohio. Two additional branches are in Dillionvale and Adena, Ohio. Mount Pleasant and Dillionvale are in southern Jefferson County, close to the

Belmont County line. Adena is in southwestern Jefferson County, with part of the village being in Harrison County. All branches offer similar services and hours. PNB does not operate automatic teller machines.

The bank's primary business focus is consumer lending, which historically represents 91 percent of the loan portfolio. Traditional banking products are offered and the bank has tailored its services to meet community credit needs. The bank offers conventional purchase money mortgages and makes small balance loans. There are no financial, legal or other impediments restricting the bank's ability to service its community. PNB's small size limits the dollar amount of loans it can make to a single borrower. Resource constraints due to the bank's small asset size and staffing levels result in limited product development.

DESCRIPTION OF THE BANK'S ASSESSMENT AREA

For purposes of this evaluation, we modified the bank's assessment areas to exclude geographies that the existing branch system cannot serve. The modified assessment areas includes entire census tracts and block numbering areas (BNAs). The bank's original assessment area did not arbitrarily exclude low- or moderate-income geographies nor does the modified assessment area.

PNB's first assessment area includes four census tracts of the Steubenville-Wierion OH-WV Metropolitan Statistical Area, or MSA 8080. These tracts surround the locations of the bank's branches. MSA 8080 is a multi-state MSA, with 45 census tracts, spanning the Ohio River between western West Virginia and southeastern Ohio.

PNB's second assessment area includes eight census tracts of the Wheeling WV-OH Metropolitan Statistical Area, or MSA 9000. These tracts are the closest to PNB's branches and are where the bank has made loans in Belmont County. MSA 9000 is a multi-state MSA, with forty-eight census tracts, spanning the Ohio River between western West Virginia and southeastern Ohio. MSA 9000 is directly south of MSA 8080.

PNB's third assessment area consists of two BNAs of eastern Harrison County, Ohio. These tracts are close to the Adena branch, and are where the bank has made loans. Harrison County has a total of five BNAs.

The detail that follows represents information on PNB's assessment areas.

Population / Households / Families / Family Income			
	MSA 8080	MSA 9000	Harrison
Population	11,769	29,060	6,000
Households	4,669	11,946	2,351
Families	3,422	8,378	1,723
Median Family Income	\$29,169	\$27,287	\$30,563

Recap of Tract/BNA Status				
Tract type	MSA-8080	MSA-9000	Harrison	Total
Low-income	0	0	0	0
Moderate-inc.	0	1	1	2
Middle-inc.	4	5	1	10
Upper-income	0	2	0	2

Percentage of Families by Income Status			
Income Status	MSA-8080	MSA-9000	Harrison
Low-income	23.50%	18.63%	27.68%
Moderate-income	21.98%	18.75%	22.17%
Middle-inc.	25.95%	21.01%	24.49%
Upper-income	28.55%	41.61%	25.77%

Housing Data			
	MSA-8080	MSA-9000	Harrison
Total housing units	5,151	12,793	2,734
Owner occupied	3,726	8,592	1,709
Median housing value	\$34,500	\$39,100	\$35,450

The bank's assessment areas are primarily rural, with light manufacturing and service industries. These portions of Jefferson, Belmont and Harrison Counties had been heavily dependent on coal mining. The coal mining industry in southeastern Ohio significantly declined due to environmental concerns in the early 1980's. With the reduction of coal production, nearby heavy industries shrank as the cheap, close-by source of power was reduced. Unemployment levels reached 20 percent during the early and middle 1980's and many residents left the area. The reductions in the coal mining industry and related jobs have resulted in a weakened local economy.

We contacted two community groups in the bank's assessment areas. Our discussions disclosed the following credit needs. Home purchase loans are needed as new businesses are bringing in new residents. Home improvement loans are needed as the existing housing stock declined during the high unemployment period during the 1980's. Commercial loans are needed to help attract manufacturing companies to the region to replace coal and steel jobs. Financing is required to assist in the acquisition and renovation of existing commercial buildings for service and retail use.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

PNB's overall performance is Satisfactory. Conclusions for each of the assessment areas are:

- MSA 8080 - Satisfactory
- MSA 9000 - Satisfactory
- Harrison County - Satisfactory

The following conclusions are based on both the MSA and non-MSA assessment areas. We reviewed the bank's performance since our last CRA Public Disclosure dated October 31, 1993.

PNB's loan to deposit ratio averages 38.31 percent over the last twelve quarters. The bank's loan to deposit ratio reflects the lack of loan demand due to the weakened local economy. Although low, the loan to deposit ratio is reasonable in light of market conditions. The table below illustrates a slightly upward trend.

Loan to Deposit Ratios												
Qtr	9/93	12/93	3/94	6/94	9/94	12/94	3/95	6/95	9/95	12/95	3/96	6/96
%	34.59	38.69	35.38	37.13	35.86	41.31	39.33	39.92	38.75	40.87	39.84	38.46

PNB's loan to deposit ratio is low when compared to other small banks operating in eastern Ohio and northwestern West Virginia. There is one bank of similar size (\$40 million)

operating in the same market, with a loan to deposit ratio of 65.02 percent as of June 30, 1996. We sampled eleven banks with assets between \$30 and \$45 million and found an average loan to deposit ratio of 70.21 percent at June 30, 1996. These small banks' loan to deposit ratios ranged from 43.00 percent to 107.13 percent.

A substantial majority of PNB's lending is within its assessment areas. We found that 94.6 percent of real estate, instalment and commercial loans currently outstanding are within the assessment areas. We analyzed 1994, 1995 and year to date 1996 Home Mortgage Disclosure Act - Loan Application Registers (HMDA-LARs) and found that the majority of residential real estate loans are within the bank's assessment area. We reviewed samples of all PNB's lending products and found that the majority of all types of loans are within the assessment area.

PNB's willingness to lend to borrowers and businesses of different income levels is acceptable. We analyzed 1994, 1995 and year to date 1996 HMDA information, focusing on the income level of borrowers. The following table reflects the income category of mortgage borrowers by number and volume. We used the Ohio non-MSA census tract median family income to determine the category of borrowers outside of MSA 8080 and MSA 9000.

HMDA Originations by Applicant Income			
	Year to date 1996	1995	1994
Low-income	1/ \$10,000	7/ \$100,000	20/ \$312,000
Moderate-income	6/ \$104,000	21/ \$313,000	13/ \$229,000
Middle-income	15/ \$492,000	14/ \$342,000	19/ \$397,000
Upper-income	24/ \$898,000	31/ \$1,201,000	28/ \$897,000
TOTAL	46/ \$1,504,000	73/ \$1,956,000	80/ \$1,835,000

We found that all commercial loans were made to businesses with revenues of less than \$1 million. Five hundred and ten commercial loans were originated totaling \$2,329,000.

Small Loans to Small Businesses		
Loan Size	Number	Volume
Less than \$100,000	508	\$2,029,000
Between \$100,000 and \$250,000	2	\$300,000
Greater than \$250,000	0	0

PNB's geographic loan distribution is acceptable. Loans are concentrated in Mount Pleasant, Dillionvale and Adena, where the bank's branches are located. Penetration in the remaining assessment areas is acceptable, with secondary concentrations of loans in Cadiz, Martin's Ferry, Rayland, St. Clairsville, Smithfield, Harrisville, Piney Fork and Bloomingdale noted.

We found no violations of the substantive provisions of the antidiscrimination laws and regulations. We reviewed a sample of each of the bank's loan products to determine compliance. Fair lending training and policies are informal, but sufficient.

Note: The source for demographic information used in this document is CRA WIZ developed by PCI Services, Inc., Boston, MA.