



PUBLIC DISCLOSURE

December 3, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

PUTNAM COUNTY BANK

HURRICANE, WEST VIRGINIA

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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.

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Putnam County Bank

417626

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Hurricane, WV 25526

Federal Reserve Bank of Richmond

P. O. Box 27622

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to the bank's size, financial condition, and demand for credit in the assessment area.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA), small business, small business secured by residential real estate, and consumer loans were originated within the bank's assessment area during the evaluation period.
- The bank's lending to borrowers of different income levels and small businesses with annual revenues of \$1 million or less (borrower distribution performance) is considered reasonable overall.
- The bank's lending in census tracts having different income designations (geographic distribution performance) is considered poor overall.
- The bank's lending, service, and investment activities demonstrate an adequate level of responsiveness to the community development needs of its assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

Putnam County Bank (PCB) was evaluated using the interagency examination procedures for an intermediate small bank developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage loans reported by the institution in accordance with the HMDA during calendar years 2016 and 2017 were reviewed. PCB also optionally collected and reported all of its small business loans from 2016 and 2017 and optionally collected data regarding its small business secured by residential real estate and consumer lending activity during the same two-year time period. The consumer loan group includes motor vehicle secured, other secured, and unsecured loans. Unlike HMDA and small business loan data, the small business secured by residential real estate and consumer loan data can be collected but cannot be not reported. Based upon the bank's required and optional data collection, residential mortgage (HMDA), small business, small business secured by residential real estate, and consumer loans from 2016 and 2017 were considered in the evaluation.

Qualified community development loans and services are considered for activities since the previous evaluation dated September 21, 2015. All qualified investments made during this same period, and those outstanding as of the evaluation regardless of when made, were also considered.

DESCRIPTION OF INSTITUTION

PCB is headquartered in Hurricane, West Virginia, and operates three full-service branch offices in the western portion of West Virginia. The bank is a wholly owned subsidiary of Putnam Bancshares, a single-bank holding company, also headquartered in Hurricane, West Virginia. This evaluation considers the lending and community development activities of PCB and does not consider the activities of any other entities affiliated with PCB. The institution received a Satisfactory rating at its previous CRA evaluation, dated September 21, 2015. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of September 30, 2018, the bank held total assets of \$609.2 million, of which 56.9% were net loans and 26.5% were securities. Deposits totaled \$518.1 million as of the same date. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) is represented in the following table:

Composition of Loan Portfolio

Loan Type	9/30/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	215,787	61.0
Multifamily	7,730	2.2
Construction and Development	24,253	6.9
Commercial & Industrial/ NonFarm NonResidential	100,249	28.3
Consumer Loans and Credit Cards	5,674	1.6
Agricultural Loans/ Farmland	0	0.0
All Other	58	0.0
Total	353,751	100.0

As indicated in the preceding table, the bank is an active commercial/small business and residential mortgage lender. The bank also continues to offer other loans, such as consumer and farm loans; however, the volume of such lending is relatively small in comparison to the commercial/small business and residential mortgage lending.

DESCRIPTION OF THE HUNTINGTON-ASHLAND, WV ASSESSMENT AREA

The bank has delineated one assessment area located in the western portion of West Virginia. The assessment area includes all of Putnam and Cabell counties, which are a portion of the Huntington-Ashland, WV-KY-OH Metropolitan Statistical Area (MSA). All of PCB's branches are located in Putnam County. As of June 30, 2018, the bank ranked first out of 17 institutions in local deposit market share with 15.2% of deposits within the assessment area.

According to American Community Survey (ACS) data from 2010, the assessment area has a population of 151,805 and a median housing value of \$111,344. The owner-occupancy rate for the assessment area equals 63.5%, which is similar to the owner-occupancy rate for the Huntington-Ashland, WV-KY-OH MSA (64.9%) and the state of West Virginia (62.9%). Within the assessment area, 12.6% of families are considered below the poverty level, which is lower than both the percentage of such families in the entire MSA (14.1%) and the state (12.8%). The HUD estimated median family income for the Huntington-Ashland, WV-KY-OH MSA equaled \$56,900 in 2016. The following table provides pertinent demographic data for the assessment area based on 2010 ACS data.

Assessment Area Demographics

Huntington-Ashland, WV <i>(Based on 2010 ACS Data and 2016 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	10.3	1,688	4.2	677	40.1	7,916	19.5
Moderate	10	25.6	5,059	12.5	1,492	29.5	6,800	16.7
Middle	13	33.3	17,118	42.1	1,861	10.9	7,489	18.4
Upper	12	30.8	16,759	41.2	1,093	6.5	18,419	45.4
NA	0	0.0	0	0.0	0	0.0		
Total	39	100.0	40,624	100.0	5,123	12.6	40,624	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,227	2.8	3,669	6.0	1,617	44.1	14,436	23.5
Moderate	4,709	10.7	9,864	16.0	3,175	32.2	9,709	15.8
Middle	18,768	42.6	24,402	39.7	3,539	14.5	9,785	15.9
Upper	19,348	43.9	23,604	38.3	2,080	8.8	27,609	44.8
NA	0	0.0	0	0.0	0	0.0		
Total	44,052	100.0	61,539	100.0	10,411	16.9	61,539	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	293	5.7	243	5.4	45	7.9	5	6.2
Moderate	1,181	22.9	988	21.9	175	30.8	18	22.2
Middle	1,533	29.7	1,345	29.7	157	27.6	31	38.3
Upper	2,160	41.7	1,941	43.0	192	33.7	27	33.3
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	5,167	100.0	4,517	100.0	569	100.0	81	100.0
Percentage of Total Businesses:				87.4		11.0		1.6

*NA-Tracts without household or family income as applicable

ACS data was updated in 2015. Based on the updated data, the assessment area has a population of 153,420 and a median housing value of \$127,547. The owner-occupancy rate for the assessment area equals 60.5%, which slightly lags the owner-occupancy rate for the Huntington-Ashland, WV-KY-OH MSA (62.9%) and approximates the owner-occupancy rate for the state of West Virginia (60.8%). Within the assessment area, 11.8% of families are considered below the poverty level, which is lower than both the percentage of such families in the entire MSA (13.9%) as well as the state (13.1%). The HUD estimated median family income for the Huntington-Ashland, WV-KY-OH MSA equaled \$55,100 in 2017. The following table provides pertinent demographic data for the assessment area based on 2015 ACS data.

Assessment Area Demographics

Huntington-Ashland, WV (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	5	12.8	2,285	5.9	1,010	44.2	7,842	20.1
Moderate	6	15.4	2,452	6.3	691	28.2	6,130	15.7
Middle	14	35.9	18,661	47.9	1,873	10.0	7,436	19.1
Upper	13	33.3	15,454	39.7	970	6.3	17,519	45.1
NA	1	2.6	75	0.2	44	58.7		
Total	39	100.0	38,927	100.0	4,588	11.8	38,927	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	1,776	4.2	5,399	8.8	2,500	46.3	15,931	25.8
Moderate	2,322	5.5	4,965	8.0	1,849	37.2	8,849	14.3
Middle	20,262	47.8	27,917	45.3	4,029	14.4	9,639	15.6
Upper	18,043	42.5	22,890	37.1	2,488	10.9	27,261	44.3
NA	17	0.0	509	0.8	353	69.4		
Total	42,420	100.0	61,680	100.0	11,219	18.2	61,680	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	806	17.6	662	16.7	129	23.0	15	20.3
Moderate	342	7.5	282	7.1	57	10.2	3	4.1
Middle	1,776	38.7	1,549	39.2	196	35.0	31	41.9
Upper	1,635	35.6	1,440	36.4	172	30.7	23	31.1
NA	28	0.6	20	0.6	6	1.1	2	2.6
Total	4,587	100.0	3,953	100.0	560	100.0	74	100.0
Percentage of Total Businesses:				86.2		12.2		1.6

*NA-Tracts without household or family income as applicable

Various employment opportunities exist within the assessment area. The economy is driven by the manufacturing, energy production, and health care industries, which provide the majority of the employment in the market. Major employers in the area include Toyota Motor Manufacturing, Appalachian Power Company, APEX Pipeline Services, AT&T/DirecTV, local government, and area school systems. Current and recent unemployment rates are included in the following table:

Geographic Area	Sept 2015	Sept 2016	Sept 2017	Sept 2018
Putnam County	4.9%	4.4%	4.2%	4.3%
Cabell County	4.8%	4.5%	4.2%	4.1%
Huntington-Ashland, WV-KY-OH MSA	5.7%	5.9%	5%	4.8%
State of West Virginia	5.9%	5.4%	4.6%	4.5%

As indicated in the preceding table, assessment area unemployment rates declined since September 2015. Current unemployment rates within the assessment area remain lower than both the rates for the Huntington-Ashland, WV-KY-OH MSA and the statewide area.

An affordable housing official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact described the economic conditions in the area as being stable and stated that there is currently a major effort to create quality affordable housing in the local community. The contact indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating the bank's performance, relevant area demographic data from the 2010 and 2015 ACS is used as a proxy for demand when evaluating the bank's HMDA and consumer loan performance. Dun & Bradstreet (D&B) business demographic data from 2016 and 2017 is used as a proxy for demand when evaluating the bank's small business performance. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. Because of the ACS data update schedule, ACS data from 2010 is used when considering the bank's activities during 2016, and 2015 ACS data is used for activities during 2017. Consequently, the 2015 ACS data is used as a proxy for demand when evaluating the bank's HMDA and consumer loan performance during 2017.

While HMDA, small business, small business secured by residential real estate, and consumer data from calendar years 2016 and 2017 were fully analyzed and considered in the evaluation, bank and applicable aggregate data from 2017 is reflected in the assessment area analysis tables. In instances when the bank's performance during 2016 varies significantly from its performance during 2017, such variance and the corresponding impact on the overall performance is discussed. Unlike HMDA and small business data, small business secured by residential real estate and consumer loan data cannot be reported, so there is no such aggregate data to consider when evaluating those specific loan products.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated and purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the strength of performance and the dollar volume of each category in the assessment area.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment area, borrower distribution performance, and geographic distribution performance.

The bank's community development test performance is also rated Satisfactory. This conclusion is based on the number and amount of community development loans, the amount of qualified investments, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank's current (September 30, 2018) loan-to-deposit ratio equals 67% and averaged 74.4% for the 13-quarter period ending September 30, 2018. The quarterly average loan-to-deposit ratios for five institutions with similar asset size and that operate in PCB's assessment area ranged from 45.7% to 86.1% during the same time period. Since June 30, 2015, assets, net loans, and deposits have decreased by 3.7%, 18.1%, and 4.7%, respectively. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, market conditions, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's 2016 and 2017 HMDA, small business, small business secured by residential real estate, and consumer loans were considered. The lending distribution inside and outside of the bank's assessment area is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	206	66.7	39,948	69.7	103	33.3	17,398	30.3
Home Improvement	63	85.1	2,267	62.3	11	14.9	1,371	37.7
Refinancing	112	78.3	15,589	79.3	31	21.7	4,076	20.7
Multi-Family Housing	8	53.3	5,948	41.5	7	46.7	8,375	58.5
Total HMDA related	389	71.9	63,752	67.1	152	28.1	31,220	32.9
Small Business	148	81.3	20,151	77.1	34	18.7	5,981	22.9
Small Bus - Secured by Real Estate	76	88.4	18,920	93.6	10	11.6	1,293	6.4
Total Small Bus. Related	224	83.6	39,071	84.3	44	16.4	7,274	15.7
Consumer Loans	471	85.2	6,410	76.8	82	14.8	1,931	23.2
TOTAL LOANS	1,084	79.6	109,233	73.0	278	20.4	40,425	27.0

As indicated in the preceding table, a majority of the number (79.6%) and dollar amount (73%) of residential mortgage, small business, and consumer loans were originated within the bank's assessment area. Overall, the institution's level of lending within its assessment area is considered responsive to community credit needs.

While the bank's small business and small business secured by residential real estate are shown separately in the preceding table, these two loan types are combined together in the remaining sections of the evaluation.

Lending to Borrowers of Different Incomes and To Businesses of Different Sizes

PCB's borrower distribution performance is reasonable for residential mortgage and consumer lending, while small business lending is considered excellent. Overall, the borrower distribution is considered reasonable. In reaching this conclusion, more weight was placed on the bank's HMDA and consumer loan performance because of the larger dollar volume of such lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Huntington-Ashland, WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	13	8.2	508	2.0	356	5.9	21,570	2.7
Moderate	27	17.0	1,588	6.4	1,138	18.8	95,103	11.7
Middle	35	22.0	4,309	17.3	1,421	23.5	155,319	19.2
Upper	84	52.8	18,515	74.3	3,129	51.8	538,689	66.4
Total	159	100.0	24,920	100.0	6,044	100.0	810,681	100.0
Unknown	5		850		941		176,679	

Percentages (%) are calculated on all loans where incomes are known

While the bank's HMDA lending to low-income borrowers (8.2%) lagged the percentage of area low-income families (20.1%), it exceeded the aggregate level of lending (5.9%) to such borrowers. The bank's lending to moderate-income borrowers (17%) exceeded the percentage of such area families (15.7%) within the assessment area and lagged the aggregate lending level (18.8%). Overall, the bank's performance during 2017 is considered reasonable, and its performance during 2016 is similar.

Distribution of Lending by Loan Amount and Size of Business

(Bank lending includes both Small Business and Small Business secured by Real Estate)

Huntington-Ashland, WV (2017)								
<i>by Revenue</i>	Bank				Aggregate* (2017)			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	40	72.7	6,760	59.3	1,988	43.3	84,476	32.9
Over \$1 Million	15	27.3	4,635	40.7	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>	Bank				Aggregate* (2017)			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	21	38.2	852	7.5	4,084	89.0	66,801	26.0
\$100,001-\$250,000	17	30.9	2,950	25.9	233	5.0	41,658	16.2
\$250,001-\$1 Million	17	30.9	7,593	66.6	274	6.0	148,101	57.8
Total	55	100.0	11,395	100.0	4,591	100.0	256,560	100.0

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

During 2017, 72.7% of the bank's loans were extended to businesses having annual revenues of \$1 million or less, and D&B data indicates that 86.2% of area businesses have annual revenues of \$1 million or less. However, the aggregate small business data from 2017 suggests that the D&B demographic data overstates actual level of demand for loans from small businesses within the assessment area. According to aggregate data from 2017, 43.3% of all reported small business loans were to businesses having annual revenues of \$1 million or less. The aggregate data, however, includes a high volume of small dollar lenders that often do not rely on or report business revenue which tends to skew the data. After excluding these specialty lenders from the aggregate data, traditional lenders reported extending 46.5% of their small business loans to businesses having annual revenue of \$1 million or less. Given these factors, the bank's performance during 2017 is excellent, and its performance during 2016 is similar.

Distribution of Consumer Loans by Income Level of Borrower

Huntington-Ashland, WV (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	36	20.5	188	7.0
Moderate	35	19.9	330	12.2
Middle	46	26.1	560	20.7
Upper	59	33.5	1,626	60.1
Total	176	100.0	2,704	100.0
Unknown	0	0.0	0	0.0

Percentage's (%) are calculated on all loans where incomes are known

While the bank's level of consumer lending to low-income borrowers (20.5%) lagged the percentage of low-income households (25.8%) in the assessment area, bank lending to moderate-income borrowers (19.9%) exceeded the proportion of moderate-income households (14.3%) in the area. Given these factors, the bank's performance during 2017 is reasonable, and its performance during 2016 is similar.

Geographic Distribution of Loans

Within the assessment area, there are no low-or-moderate income census tracts located in Putnam County, where PCB's branch offices are located. There are five low- and six moderate-income census tracts located in Cabell County; however, PCB does not operate any branch offices in Cabell County. The low-and-moderate income census tracts are located more than 15 miles from the nearest branch office. In addition, 13 financial institutions operate 28 branch offices located closer to the low- and moderate-income census tracts than PCB's branches. While there are no geographical barriers that separate the bank's branches from the low-and-moderate-income census tracts, the distance and competition with other financial institutions is significant.

Analysis of the bank's residential mortgage, small business, and consumer lending during the review period identified that the bank has originated some loans in the western portion of Cabell County in or adjacent to the low-and-moderate-income census tracts. The demographic and aggregate data also suggest that there is a reasonable level of demand for credit in the low-and-moderate-income census tracts. While PCB can serve these portions of Cabell County, the physical distance from PCB's branch offices coupled with a large number of competitor branches located closer to the low-and moderate-income census tracts was considered as an aspect of performance context when evaluating the geographic distribution of lending.

Given the bank's limited lending in the low-and-moderate-income census tracts, geographic distribution performance is considered poor for HMDA and small business lending and very poor for consumer lending. When considering the larger dollar volume of HMDA and small business lending within the assessment area, the bank's geographic distribution performance is considered poor overall.

Distribution of HMDA Loans by Income Level of Census Tract

Huntington-Ashland, WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(79)				Home Purchase (3,856)			
Low	0	0.0	0	0.0	65	1.7	6,489	1.1
Moderate	1	1.3	39	0.2	322	8.4	29,820	5.2
Middle	47	59.5	8,827	53.2	1,825	47.3	248,892	43.1
Upper	31	39.2	7,716	46.6	1,644	42.6	292,255	50.6
	(54)				Refinance (2,311)			
Low	1	1.9	73	0.9	41	1.8	4,161	1.3
Moderate	0	0.0	0	0.0	174	7.5	14,497	4.5
Middle	23	42.6	2,814	33.3	1,129	48.9	138,479	43.3
Upper	30	55.5	5,570	65.8	967	41.8	163,022	50.9
	(31)				Home Improvement (760)			
Low	0	0.0	0	0.0	12	1.6	405	0.9
Moderate	0	0.0	0	0.0	66	8.7	2,025	4.6
Middle	23	74.2	675	92.3	375	49.3	17,946	40.4
Upper	8	25.8	56	7.7	307	40.4	24,023	54.1
	(0)				Multi-Family (51)			
Low	0	0.0	0	0.0	5	9.8	2,293	5.3
Moderate	0	0.0	0	0.0	6	11.8	2,140	4.9
Middle	0	0.0	0	0.0	24	47.1	23,138	53.2
Upper	0	0.0	0	0.0	16	31.3	15,899	36.6
	HMDA Totals							
Low	1	0.6	73	0.3	123	1.8	13,348	1.4
Moderate	1	0.6	39	0.2	568	8.1	48,482	4.9
Middle	93	56.7	12,316	47.8	3,353	48.0	428,455	43.4
Upper	69	42.1	13,342	51.7	2,934	42.0	495,199	50.1
NA*	0	0.0	0	0.0	7	0.1	1,876	0.2
Total	164	100.0	25,770	100.0	6,985	100.0	987,360	100.0

NA*-Tracts without household or family income as applicable

The bank's level of lending in low-income census tracts (.6%) lagged the proportion of owner-occupied housing units located in low-income areas (4.2%) and the aggregate level of lending (1.8%). The bank's level of lending in moderate-income census tracts (.6%) also lagged the proportion of owner-occupied housing units located in moderate-income areas (5.5%) and the aggregate level of lending (8.1%). Overall, the bank's 2017 HMDA geographic distribution performance is considered poor, and its performance during 2016 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

(Bank lending includes both Small Business and Small Business secured by Real Estate)

Huntington-Ashland, WV (2017)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
Low	2	3.6	61	0.5	349	7.8	17,588	6.9
Moderate	0	0.0	0	0.0	398	8.8	23,741	9.3
Middle	17	30.9	2,431	21.3	2,249	50.0	128,307	50.4
Upper	36	65.5	8,903	78.2	1,503	33.4	85,124	33.4
NA*	0	0.0	0	0.0	2	0.0	2	0.0
Total	55	100.0	11,395	100.0	4,501	100.0	254,762	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

Bank lending in low-income census tracts (3.6%) lagged the percentage of businesses located in such areas (17.6%) as well as the aggregate lending level of 7.8%. As indicated in the table, PCB did not extend any loans to businesses located in moderate-income census tracts during 2017. With 7.5% of area businesses located in moderate-income census tracts and 8.8% of all reported small business loans also located in moderate-income census tracts, lending opportunities exist within the moderate-income census tracts. Overall, PCB's performance is considered poor and its 2016 performance is similar.

Distribution of Consumer Loans by Income Level of Census Tract

Huntington-Ashland, WV (2017)				
Income Categories	Consumer Loans			
	#	%	\$ (000s)	% \$
Low	0	0.0	0	0.0
Moderate	0	0.0	0	0.0
Middle	114	62.6	1,067	38.4
Upper	68	37.4	1,713	61.6
NA*	0	0.0	0	0.0
Total	182	100.0	2,780	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

Within the bank's assessment area, 8.8% of area households are located in low-income census tracts, and 8% of area households are located in the moderate-income census tracts. As indicated in the preceeding table, PCB did not originate any consumer loans in low- or moderate-income census tracts during 2017. The bank's performance during 2017 is considered very poor, and its performance during 2016 is similar.

Community Development Loans, Investments, and Services

PCB supports community development initiatives and organizations that benefit the assessment area by funding community development loans, providing community development services, and donating to community organizations. Information from an individual knowledgeable of the local community, as well as a review of the performance evaluations of other financial institutions having a local presence, indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

Since the previous evaluation, PCB supported local community development by financing six community development loans totaling approximately \$2.6 million. Of these loans, one was made to an area organization that provides services to low-and moderate-income individuals, two were made to organizations that provide affordable housing within the assessment area, and three were made to organizations that support small business development.

The bank maintains the following qualified investments:

- \$1.5 million in the CRA Qualified Investment Fund – the funds have been allocated to support affordable housing for low-and moderate-income residents in the State of West Virginia.
- During the evaluation period, the bank made charitable donations totaling \$14,810 to organizations that provide community services within the assessment area.

Since its previous evaluation, PCB and its employees volunteered their time and provided financial expertise to the following organizations that provide community development services targeted to area low-and moderate-income residents and economic development.

- Get a Life Program – Four bank employees provided financial education to students learning to develop and manage a budget. The program allows 8th graders at George Washington Middle School the opportunity to learn budgeting skills. A majority of students at the school are eligible for free or reduced price lunch.
- Putnam County Chamber of Commerce – A bank employee served on the board of directors and provided guidance on small business financing.

When considering community development opportunities, overall, PCB has demonstrated an adequate level of responsiveness to local community needs through its investment and lending activities and support of area organizations that facilitate community development, and its performance is considered satisfactory.

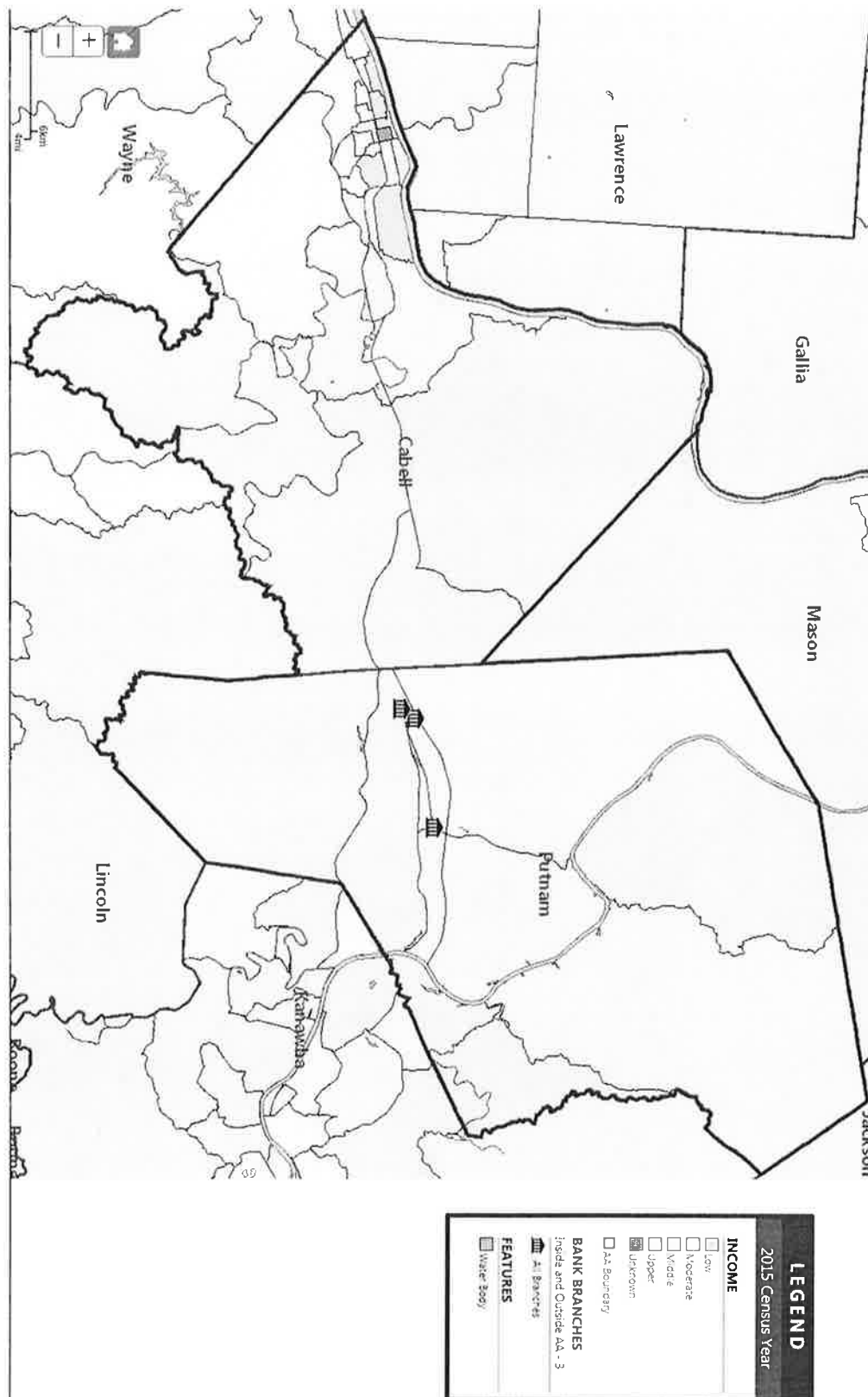
ASSESSMENT AREA DELINEATION

A review of the bank's assessment area found that its delineation complied with the requirements of Regulation BB. PCB's delineated assessment area included its branch offices and deposit taking automated teller machines. While the bank's assessment area delineation includes less than an entire MSA, the delineated area contains whole geographies, does not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and does not arbitrarily exclude low-or moderate-income census tracts.

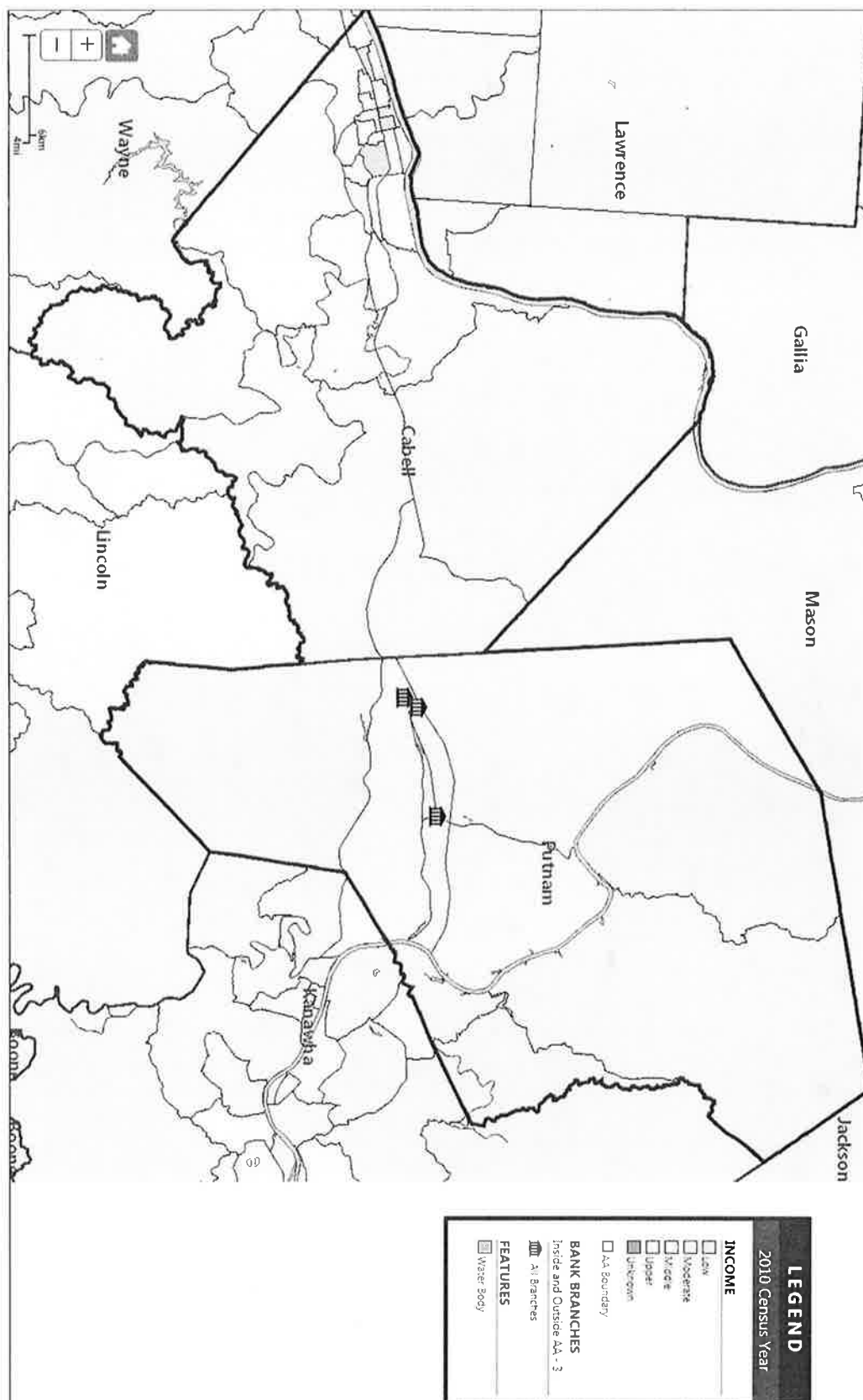
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

CRA APPENDIX A 2017 ASSESSMENT AREA – BRANCH LOCATION MAP



2016 ASSESSMENT AREA – BRANCH LOCATION MAP



GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.