



PUBLIC DISCLOSURE

April 25, 2022

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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P.O. Box 308

Hurricane, West Virginia 25526

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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 given its size, financial condition, and credit needs of its assessment area.
- A majority of the bank's Home Mortgage Disclosure Act (HMDA), small business, and consumer loans originated during the review period were located within its assessment area.
- The bank's borrower distribution performance varies from reasonable to excellent by product and is considered reasonable overall.
- The bank's geographic distribution performance varies from very poor to poor and is considered poor overall.
- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and services is considered adequate.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

Putnam County Bank (PCB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA, small business, and consumer lending activity reported by the institution during 2019 and 2020 were reviewed. Given its size and branch locations, PCB is required to collect and report HMDA data, but it is not required to collect or report CRA small business data. However, during 2019 and 2020, the bank elected to collect and report its CRA data. Reported CRA data includes information about a bank's small business and consumer lending, and is included in the analysis.

Qualified community development loans and services are considered since the previous evaluation (December 3, 2018). All qualified investments made during this same time period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

To help determine the availability of community development opportunities in the assessment area, the CRA public evaluations of other financial institutions within the assessment area were reviewed. Additionally, a community development official was contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment area, and potential community development opportunities.

PCB serves one assessment area located in western West Virginia, and it was evaluated using the FFIEC's full-scope evaluation procedures.

DESCRIPTION OF INSTITUTION

PCB is headquartered in Hurricane, West Virginia and operates four full-service branch offices in West Virginia. The bank is wholly owned by Putnam Bancshares, a single bank holding company also located in Hurricane, West Virginia. This evaluation reflects only the performance of PCB and does not consider or include the activities of any other related entities. The bank’s previous CRA rating, dated December 3, 2018, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of December 31, 2021, PCB had approximately \$677 million in assets, of which 45.9% were net loans and 32.7% were securities. As of the same date, deposits totaled approximately \$580.8 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, business, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	188,931	59.8
Multifamily	6,416	2.0
Construction and Development	16,022	5.1
Commercial & Industrial/ NonFarm NonResidential	101,469	32.1
Consumer Loans and Credit Cards	2,953	0.9
Agricultural Loans/ Farmland	0	0.0
All Other	325	0.1
Total	316,116	100.0

As indicated in the preceding table, the bank’s loan portfolio is concentrated in residential real estate-secured and commercial purpose loans. While consumer lending volume is relatively small in comparison to its commercial and residential mortgage lending, the institution optionally collected and reported consumer CRA data and it is included in the analysis. The bank offers other loan products such as construction and development and agricultural loans; however, the volume of such lending is small in comparison to the bank’s other loan products.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic. Since the PPP was established, PCB has originated 192 loans totaling approximately \$12.5 million. PCB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on its branch locations and lending patterns, the bank has delineated one assessment area located in western West Virginia. Since its previous evaluation, PCB has relocated one branch office in Putnam and opened one branch in Cabell County. These changes did not affect its assessment area delineation. **Appendix A** includes information about the composition of the bank’s assessment area and its branch locations.

DESCRIPTION OF HUNTINGTON-ASHLAND, WV ASSESSMENT AREA

As previously noted, PCB has delineated one assessment area referred to as the Huntington-Ashland, WV assessment area in this evaluation. The assessment area is located in western West Virginia and includes a portion of the Huntington-Ashland, WV-KY-OH MSA. The delineation includes all of Putnam and Cabell counties, WV. PCB operates four full-service branches within the assessment area, of which, three are located in Putnam County (PCB’s primary market) and one is located in eastern

Cabell County. The assessment area contains one metropolitan area, Huntington, WV, located in western Cabell County. Huntington, WV contains all eleven of the assessment area’s low- and moderate-income census tracts but is located approximately 30 miles from the bank’s headquarters and 15 miles from its sole Cabell County branch.

As of June 30, 2021, PCB ranked 3rd out of 18 financial institutions in local deposit market share and held 12.7% of the assessment area’s deposits according to data compiled by the Federal Deposit Insurance Corporation (credit union deposits are not included).

Based on 2015 American Community Survey (ACS) data, the assessment area served by the bank has a total population of 153,420 and a median housing value of \$127,547. Within the assessment area, the owner-occupancy rate equals 60.5%, which is slightly below the owner-occupancy rate for the Huntington-Ashland, WV-KY-OH MSA (63.2%) but similar to the West Virginia statewide rate (60.8%). The percentage of families living below the poverty level in the assessment area equals 11.8%, which is lower than the level in the Huntington-Ashland, WV-KY-OH MSA (13.4%) and statewide (13.1%).

Area median family incomes from 2018-2021 within the MSA are detailed in the following table.

Median Family Income	2018	2019	2020	2021
Huntington-Ashland, WV-KY-OH MSA	\$56,900	\$58,800	\$60,500	\$61,000

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Huntington-Ashland, WV								
<i>(Based on 2015 ACS Data and 2020 D&B Information)</i>								
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	7,765	19.9
Moderate	6	15.4	2,452	6.3	691	28.2	6,038	15.5
Middle	14	35.9	18,661	47.9	1,873	10.0	7,439	19.1
Upper	13	33.3	15,454	39.7	970	6.3	17,685	45.5
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	15,856	25.7
Moderate	2,322	5.5	4,965	8.0	1,849	37.2	8,822	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	27,363	44.4
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	855	16.2	727	15.5	119	22.5	9	11.0
Moderate	386	7.3	328	7.0	55	10.4	3	3.7
Middle	2,036	38.5	1,817	38.8	186	35.2	33	40.2
Upper	1,974	37.3	1,776	37.9	162	30.6	36	43.9
NA	40	0.7	32	0.8	7	1.3	1	1.2
Total	5,291	100.0	4,680	100.0	529	100.0	82	100.0
Percentage of Total Businesses:				88.5		10.0		1.5

*NA-Tracts without household or family income as applicable

Area employment opportunities exist within retail, health services, and manufacturing industries. Major area employers include St. Mary’s Medical Center, Cabell County Schools, Marshall University, Putnam County Board of Education, and Toyota Motor Manufacturing, WV. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	Feb-19	Feb-20	Feb-21	Feb-22
Cabell County, WV	4.8%	4.3%	6.1%	3.8%
Putnam County, WV	5.5%	4.9%	5.7%	3.7%
Huntington-Ashland, WV-KY-OH MSA	5.8%	5.6%	6.5%	4.6%
State of West Virginia	6%	5.8%	6.8%	4.5%

As indicated in the table above, unemployment rates within the assessment area slightly declined prior to 2020, rose sharply during 2020 because of the COVID-19 pandemic, and have declined below the pre-pandemic level during 2022. Unemployment rates for both Putnam and Cabell Counties are lower than the Huntington-Ashland, WV-KY-OH MSA and statewide rates.

A community development official was contacted during the evaluation to discuss area economic conditions and community credit needs. The individual stated that the economy is relatively stable, but it continues to experience the consequences of economic hardship due to the exit of one of the area's primary industries and the ramifications of the pandemic. Specifically, there has been a resurgence of the opioid crisis prompting a further need of social services compounded by the need of affordable housing units. While she indicated that area financial institutions are reasonably serving the banking needs of the local community, it was noted that there are opportunities for financial institutions to partner with local organizations for community development and affordable housing purposes.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating a bank's HMDA and consumer lending performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy for demand. 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 periodically updated. As such, when evaluating the bank's performance, relevant area demographic data from the 2015 ACS was used. For small business lending, relevant Dun and Bradstreet (D&B) business data from 2019 and 2020 was used as a proxy for demand.

Aggregate loan data is also used as a proxy for demand when evaluating the bank's HMDA and small business lending performance. The aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA data, respectively, within the bank's assessment area. Because the bank optionally reported CRA loan data, PCB's small business loans are included in the aggregate CRA data. Unlike residential mortgage and small business lending, consumer loan data is not reported or collected at an aggregate level.

The borrower and geographic distribution performance of HMDA lending focused on performance for Home Purchase, Home Improvement, Refinancing, and Multi-family loan categories. Performance for the Not Applicable, Other Closed, and Other Line of Credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

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 or 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 dollar volume of such loans made in the assessment area. An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation.

While HMDA and CRA data from calendar years 2019 and 2020 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2020 are presented in the assessment area tables. Similarly, consumer data from calendar years 2019 and 2020 was also fully analyzed and considered, but only bank data from 2020 is presented in the assessment area tables. In instances where the 2019 performance varies significantly from the 2020 performance presented in the table, the variance and the corresponding impact on the overall performance is discussed.

Within PCB's assessment area, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 53.5% and averaged 61.3% for the 12-quarter period ending December 31, 2021. In comparison, the quarterly average loan-to-deposit ratios for four similarly situated institutions that operate in PCB's assessment area ranged from 51% to 84.9% during the same 12-quarter period. Since March 31, 2019, PCB's assets and deposits have increased by 13.1% and 15%, respectively. Conversely, net loans have decreased by 9.5%. The decrease in net loans is primarily due to low demand as a consequence of the COVID-19 pandemic. 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, 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 2019 and 2020 HMDA, small business, and consumer lending was 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	123	69.1	27,006	78.2	55	30.9	7,544	21.8
Home Improvement	2	66.7	55	52.4	1	33.3	50	47.6
Refinancing	99	78.6	19,840	78.9	27	21.4	5,297	21.1
Multi-Family Housing	3	37.5	778	37.8	5	62.5	1,282	62.2
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	8	72.7	997	83.2	3	27.3	201	16.8
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	235	72.1	48,676	77.2	91	27.9	14,374	22.8
Small Business	166	78.3	12,306	59.7	46	21.7	8,304	40.3
Small Bus - Secured by Real Estate	16	72.7	3,106	81.2	6	27.3	720	18.8
Total Small Bus. Related	182	77.8	15,412	63.1	52	22.2	9,024	36.9
Commercial/Ag Loans	0	0.0	0	0.0	0	0.0	0	0.0
Small Farm	0	0.0	0	0.0	0	0.0	0	0.0
Consumer Loans	221	86.3	3,594	71.8	35	13.7	1,415	28.2
TOTAL LOANS	638	78.2	67,682	73.2	178	21.8	24,813	26.8

As indicated in the preceding table, a majority of the total number (78.2%) and dollar amount (73.2%) of HMDA, small business, and consumer loans were extended within the bank's assessment area. Overall, PCB's level of lending within its assessment area is considered responsive to community credit needs.

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

The bank's distribution of HMDA and consumer lending reflects a reasonable penetration among individuals of different income levels (including low- and moderate-income), while its small business lending reflects an excellent penetration among businesses with annual revenues of \$1 million or less per year. On a combined basis, the bank's borrower distribution performance is considered reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Huntington-Ashland, WV (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	4	3.9	244	1.1	204	5.1	16,356	2.3
Moderate	16	15.5	1,578	6.9	630	15.7	71,051	9.8
Middle	25	24.3	3,910	17.0	902	22.5	133,416	18.4
Upper	58	56.3	17,284	75.0	2,280	56.7	503,717	69.5
Total	103	100.0	23,016	100.0	4,016	100.0	724,540	100.0
Unknown	19		2,877		616		184,288	

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

During 2020, the bank’s HMDA lending to low-income borrowers (3.9%) lagged the percentage of low-income families in the area (19.9%) and the aggregate level of lending (5.1%). The bank’s lending to moderate-income borrowers (15.5%) was approximate to both the percentage of moderate-income families in the area (15.5%) and the aggregate level of lending (15.7%). PCB’s 2020 performance is considered reasonable, and its performance during 2019 is similar.

Distribution of Lending by Loan Amount and Size of Business

Huntington-Ashland, WV (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	94	76.4	3,976	66.2	899	32.6	46,972	22.5
Over \$1 Million	29	23.6	2,030	34.3	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	111	90.2	3,232	53.8	2,266	82.3	53,742	25.7
\$100,001-\$250,000	8	6.5	1,515	25.2	263	9.5	42,169	20.2
\$250,001-\$1 Million	4	3.3	1,259	21.0	226	8.2	112,920	54.1
Total	123	100.0	6,006	100.0	2,755	100.0	208,831	100.0

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

D&B data from 2020 indicates that 88.5% of all local businesses have revenues that do not exceed \$1 million per year. According to 2020 aggregate small business data, 32.6% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 34% were made to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 76.4% were to businesses with annual revenues of \$1 million or less. The bank’s performance during 2020 is considered excellent.

In 2019, the bank originated 43 small business loans totaling \$6.3 million. Of those loans, 22 (51.2%) totaling \$2.9 million (45.7%) were originated to businesses with revenues of \$1 million or less, and the remaining 21 loans (48.8%) totaling \$3.4 (54.3%) were made to businesses with revenues greater than \$1 million. D&B data indicates that in 2019, 88.1% of all local businesses had revenues that did not exceed \$1 million per year, and according to 2019 aggregate small business data, 42.5% of reported small business loans were to businesses having revenues of \$1 million or less. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 49.8% were made to businesses having revenues of \$1 million or less. After considering relevant factors, the bank’s performance during 2019 is considered reasonable.

When considering the similar dollar volume and strength of lending performance during 2019 and 2020, PCB's overall small business borrower distribution performance is considered excellent.

Distribution of Consumer Loans by Income Level of Borrower

Huntington-Ashland, WV (2020)				
Income Categories	#	Consumer Loans		
		%	\$(000s)	% \$
Low	13	18.8	167	14.7
Moderate	15	21.7	140	12.3
Middle	21	30.4	425	37.5
Upper	20	29.0	402	35.4
Total	69	100.0	1,134	100.0
Unknown	4	5.5	35	3.0

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

During 2020, the bank's level of consumer lending to low-income borrowers (18.8%) lagged the percentage of low-income households (25.7%) in the assessment area, while its lending to moderate-income borrowers (21.7%) significantly exceeded the percentage of such households (14.3%) in the assessment area. According to 2015 ACS data, 18.2% of area households are below the poverty level. PCB's 2020 performance is considered reasonable.

In 2019, PCB originated 147 loans totaling \$2.4 million where borrower income was known. Of those loans, 35 (23.8%) totaling \$237,000 (9.8%) were made to low-income borrowers and 36 (24.5%) totaling \$271,000 (11.2%) were made to moderate-income borrowers. The bank's level of consumer lending to low-income borrowers was similar to the percentage of low-income households (25.7%) in the assessment area, and its lending to moderate-income borrowers significantly exceeded the percentage of such households (14.3%). Overall, PCB's 2019 performance is considered excellent.

When considering the relative volume and strength of lending performance during 2019 and 2020, PCB's overall consumer lending borrower distribution performance is considered reasonable.

Geographic Distribution of Loans

As previously mentioned, there are no low- or moderate-income census tracts located in Putnam County, where three of the bank's four branches are located. The other branch is located in eastern Cabell County, which is at least 15 miles away from Huntington, WV in western Cabell County that contains all 11 of the assessment area's 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.

PCB's HMDA geographic distribution performance is considered poor overall, while small business and consumer lending performances are considered very poor. When considering the combined performances, the bank's geographic distribution is considered poor overall. In reaching this conclusion, greater weight was given to HMDA lending due to the substantially greater dollar volume of lending.

Distribution of HMDA Loans by Income Level of Census Tract

Huntington-Ashland, WV (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(63)				Home Purchase (2,152)			
Low	0	0.0	0	0.0	48	2.2	5,357	1.4
Moderate	0	0.0	0	0.0	70	3.3	5,341	1.4
Middle	38	60.3	7,473	51.6	971	45.1	162,042	41.8
Upper	25	39.7	7,012	48.4	1,063	49.4	215,147	55.4
	(57)				Refinance (2,275)			
Low	0	0.0	0	0.0	20	0.9	3,356	0.8
Moderate	0	0.0	0	0.0	34	1.5	2,790	0.6
Middle	35	61.4	5,068	46.8	967	42.5	165,323	38.1
Upper	22	38.6	5,762	53.2	1,254	55.1	262,251	60.5
	(0)				Home Improvement (164)			
Low	0	0.0	0	0.0	6	3.7	314	2.9
Moderate	0	0.0	0	0.0	4	2.4	166	1.5
Middle	0	0.0	0	0.0	70	42.7	3,626	33.4
Upper	0	0.0	0	0.0	84	51.2	6,756	62.2
	(2)				Multi-Family (36)			
Low	0	0.0	0	0.0	9	25.0	9,883	13.6
Moderate	1	50.0	128	22.1	6	16.7	2,451	3.4
Middle	1	50.0	450	77.9	12	33.3	34,212	47.3
Upper	0	0.0	0	0.0	9	25.0	25,859	35.7
	HMDA Totals							
Low	0	0.0	0	0.0	83	1.8	18,910	2.1
Moderate	1	0.8	128	0.5	114	2.5	10,748	1.2
Middle	74	60.7	12,991	50.2	2,020	43.6	365,203	40.2
Upper	47	38.5	12,774	49.3	2,410	52.0	510,013	56.1
NA*	0	0.0	0	0.0	5	0.1	3,954	0.4
Total	122	100.0	25,893	100.0	4,632	100.0	908,828	100.0

NA*-Tracts without household or family income as applicable

As depicted in the table above, the majority of PCB’s HMDA lending in 2020 was concentrated in home purchase lending, followed by refinance lending. On the other hand, aggregate lenders extended a slightly greater volume of refinance loans than home purchases in 2020. The bank did not originate any loans for home improvement purposes and extended only two multi-family loans; therefore, these loan types are not a major factor in the overall conclusion. The bank’s home purchase and refinance lending are considered very poor, while multi-family lending is considered reasonable.

During 2020, PCB did not originate any HMDA loans in low-income census tracts; however, demographic (4.2%) and aggregate data (1.8%) indicate there is somewhat limited demand for residential mortgage loans in such tracts. The bank’s level of lending in moderate-income census tracts (0.8%) lagged both the percentage of owner-occupied housing units located in moderate-income tracts (5.5%) as well as the aggregate lending level (2.5%). The bank’s performance during 2020 is considered very poor.

During 2019, PCB extended 105 HMDA loans totaling \$21.8 million in the assessment area. Of these loans, none were located in low-income geographies and two (1.9%) totaling \$262,000 (1.2%) were located in moderate-income geographies. Demographic data suggests that 4.2% and 5.5% of owner-occupied housing units are located in low- and moderate-income census tracts, respectively, while aggregate lenders extended 1.8% and 2.4% of their HMDA loans, respectively, in such tracts. PCB’s performance in 2019 is considered poor.

When considering the relative volume and strength of lending performance during 2019 and 2020, PCB's overall HMDA geographic distribution performance is considered poor.

Distribution of Small Business Loans by Income Level of Census Tract

Huntington-Ashland, WV (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	457	16.7	41,500	19.9
Moderate	0	0.0	0	0.0	171	6.3	14,401	6.9
Middle	45	36.6	2,344	39.0	1,029	37.6	78,016	37.4
Upper	78	63.4	3,661	61.0	1,077	39.3	73,509	35.3
NA*	0	0.0	0	0.0	2	0.1	1,051	0.5
Total	123	100.0	6,005	100.0	2,736	100.0	208,477	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

During both 2019 and 2020, PCB did not originate any small business loans in low- or moderate-income census tracts. Demographic data from 2020, however, indicates that there is demand within low- (16.2%) and moderate- (7.3%) income census tracts based on the total percentage of businesses in those tracts. The aggregate level of lending within low- (16.7%) and moderate- (6.3%) income census tracts also demonstrates that there is demand for small business lending. PCB's 2020 small business geographic distribution performance is considered very poor, and 2019 lending is substantially similar.

Distribution of Consumer Loans by Income Level of Census Tract

Huntington-Ashland, WV (2020)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0
Moderate	0	0.0	0	0.0
Middle	43	58.9	676	57.8
Upper	30	41.1	493	42.2
NA*	0	0.0	0	0.0
Total	73	100.0	1,169	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.
Originations and Purchases

During 2020, PCB did not originate any consumer loans in low- or moderate-income census tracts. According to 2015 ACS data, the percentage of households located in low-income tracts equals 8.8%, while the percentage of households in moderate-income census tracts is 8% within the assessment area. Overall, the bank's performance is considered to be very poor, and performance during 2019 is substantially similar.

Community Development Loans, Investments, and Services

PCB supports community development initiatives that benefit its assessment area by making qualified loans and investments as well as providing qualified services to local organizations. Discussions with an individual knowledgeable of the local community and reviews of the performance evaluations of other local financial institutions indicated that community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, or services.

During the review period, PCB extended the following ten community development loans totaling approximately \$1.8 million that benefitted the Huntington-Ashland, WV assessment area or broader statewide area.

- One loan to an area business totaling \$50,000 that supports the creation and/or retention of jobs. Most of the jobs created and retained benefit low- or moderate- income people.
- Three loans totaling \$875,000 for affordable housing targeted to area low- and moderate-income individuals and families.
- One loan totaling \$128,775 to an organization that provides other social services to area low- and moderate-income individuals.
- Five PPP loans totaling \$764,522 that support job retention and economic stability in response to the COVID-19 pandemic.

As of the date of this evaluation, PCB holds three and has committed to three additional qualified investments, and made charitable donations that supported community development within the assessment area.

- The bank holds three qualified investments through the Community Capital Management Community Impact Bond Fund totaling \$1.5 million that benefit cities and low- and moderate-income individuals within the assessment area.
- The bank has committed to three qualified investment bonds totaling \$2.8 million issued by the West Virginia Housing Development Fund. The fund promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals throughout the State of West Virginia.
- Fourteen charitable contributions totaling \$54,215 were made that support local and statewide organizations that provide qualified community development services.

Of the bank's four branches within the assessment area, none are located in a low- or moderate-income census tract; however, systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. PCB also offers low-cost checking accounts, which can benefit low- and moderate-income customers.

Since the previous evaluation, PCB and its employees have volunteered time and financial expertise to the following six organizations that provide community development services targeted to low- and moderate-income residents or promote economic development:

- Putnam County Helpers - On an annual basis, one employee of the bank collects monetary donations as well as food and supplies for low- and moderate-income individuals.
- Community Cupboard - Senior management hosts a bank-wide monetary collection and food drive for a local food pantry which serves low- and moderate-income individuals.
- Backpack Buddies Program - Various employees participate on an annual basis to collect school supplies for low- and moderate-income individuals.
- "Get A Life" Program - Partnering with local financial institutions, the organization provides financial literacy education at public schools. Various employees served as financial education instructors for this program.
- Rural Lending Forum - Senior management employees of the bank participated in the SBA and USDA Rural Lending Forum to discuss financial literacy and credit resources for rural areas.
- Habitat for Humanity - A senior management employee serves as the president of the board of the local Habitat for Humanity chapter which is a non-profit organization providing affordable housing and various social services for low- and moderate-income individuals.

When considering community development opportunities, PCB has demonstrated adequate responsiveness to local community needs through its lending activities, investments facilitating community development, and community development services. Accordingly, the bank's overall performance under the Community Development Test is rated Satisfactory.

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.

APPENDIX A

ASSESSMENT AREA DELINEATION AND BRANCH OFFICES

The following tables reflect the current composition of the bank’s assessment areas and location of branch offices.

Assessment Area Name	City/County	State	Census Tracts Included
Huntington-Ashland, WV	Putnam County	WV	All
	Cabell County		

Assessment Area	Address	City	State	Zip	Tract income Level	Open/ Closed
Huntington-Ashland, WV	101 Hurricane Creek Road	Hurricane	WV	26580	Middle	Relocation (5/6/2020)
Huntington-Ashland, WV	2761 Main Street	Hurricane	WV	26580	Middle	Existing
Huntington-Ashland, WV	500 East Main Street	Milton	WV	26580	Middle	New (9/16/2021)
Huntington-Ashland, WV	3058 Mount Vernon Road	Hurricane	WV	26580	Upper	Existing

APPENDIX B

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.