

PUBLIC DISCLOSURE

April 5, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Gassaway

491822

700 Elk Street

Gassaway, West Virginia 26624

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given the bank's capacity, location, and demand for credit in its assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and motor vehicle secured loans reviewed during the evaluation were originated within the bank's combined assessment areas.
- While the level of lending to borrowers of different incomes varies slightly, the overall performance is considered reasonable.
- No geographic distribution of lending was performed since the census tracts in each assessment area were included in the same income level.
- There have been no complaints regarding the bank's CRA performance since the previous evaluation.

DESCRIPTION OF INSTITUTION

Bank of Gassaway (BOG) is headquartered in Braxton County, West Virginia, and operates three additional offices in Braxton County and one branch office in Clay County, West Virginia. The bank is a subsidiary of Gassaway Bancshares Incorporated, a single-bank holding company, also located in Gassaway, West Virginia. The institution's previous CRA rating, dated February 6, 2006, was Satisfactory.

As of December 31, 2009, the bank reported assets totaling \$166 million, of which 52.2% were loans. The institution offers a variety of credit and deposit products including loans for business, consumer, and residential mortgage purposes. The following chart details the composition of the bank's loan portfolio as of that date.

Composition of Loan Portfolio

| Loan Type | 12/31/2009 | |
|--|---------------|--------------|
| | \$(000s) | % |
| Secured by 1-4 Family dwellings | 47,746 | 54.3 |
| Multifamily | 0 | 0.0 |
| Construction and Development | 2,855 | 3.2 |
| Commercial & Industrial/ NonFarm NonResidential | 17,647 | 20.1 |
| Consumer Loans and Credit Cards | 19,752 | 22.4 |
| Agricultural Loans/ Farmland | 0 | 0.0 |
| All Other | 0 | 0.0 |
| Total | 88,000 | 100.0 |

The composition of the loan portfolio has changed nominally since the previous evaluation. Concentrations in the bank's loan portfolio and recent loan volume data both reflect the bank's strategy of being primarily a residential real estate and consumer lender.

BOG serves two contiguous assessment areas located in central West Virginia. The Braxton County nonmetropolitan assessment area includes all of Braxton County, West Virginia, while the Clay County metropolitan assessment area includes all of Clay County, West Virginia. The Clay County assessment area is part of the Charleston, West Virginia, Metropolitan Statistical Area (MSA). Since the previous evaluation February 6, 2006, the bank has opened one additional branch office in Braxton County. This branch did not require changes to the assessment areas, which are described in greater detail in subsequent sections of the evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council. BOG is required to report certain information regarding its home mortgage lending in accordance with HMDA. Accordingly, 2008 and 2009 HMDA loan originations were considered in the evaluation. Additionally, based on the institution's recent historical loan volume, consumer motor vehicle loans were identified as a primary credit product and were also considered in the evaluation. The analysis included 151 motor vehicle loans extended by the bank during the third and fourth quarters of 2009 out of a universe of approximately 510 such loans extended during this time period.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Of the HMDA and motor vehicle secured loans considered in this evaluation, 84.7% of the number and 87.7% of the dollar volume were extended within the Braxton County assessment area. Similarly, 94.2% of the institution's combined assessment area deposit volume comes from this assessment area. Because of the concentration of loan and deposit volume within the Braxton County assessment area, the bank's performance within this assessment area was given greater weight when considering the performance of the overall institution.

Loan-To-Deposit Ratio

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. BOG's loan-to-deposit ratio, as of December 31, 2009, equaled 60.1% and averaged 54.8% for the 16-quarter period ending December 31, 2009. In comparison, the average of quarterly loan-to-deposit ratios for all banks headquartered in nonmetropolitan areas of West Virginia and of similar asset size to BOG ranged from 72.1% to 76.2% for the same 16-quarter time period. Since December 31, 2005, BOG's assets, loans, and deposits have increased by 7.7%, 25.6%, and 5.4%, respectively. The bank's loan-to-deposit ratio is considered reasonable given the institution's size, branch locations, and financial capacity.

Lending in Assessment Areas

To determine the institution's volume of lending within its assessment areas, 623 HMDA and 151 motor vehicle secured loans were reviewed. The lending distribution is represented in the following table for the assessment areas on a combined basis.

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

| Loan Type | Inside | | | | Outside | | | |
|---------------------------|------------|-------------|---------------|-------------|------------|-------------|--------------|-------------|
| | # | % | \$(000) | % | # | % | \$(000) | % |
| Home Purchase | 103 | 72.5 | 6,054 | 72.5 | 39 | 27.5 | 2,294 | 27.5 |
| Home Improvement | 38 | 80.9 | 2,307 | 84.4 | 9 | 19.1 | 427 | 15.6 |
| Refinancing | 355 | 81.8 | 22,400 | 78.9 | 79 | 18.2 | 6,000 | 21.1 |
| <i>Total HMDA related</i> | 496 | 79.6 | 30,761 | 77.9 | 127 | 20.4 | 8,721 | 22.1 |
| Consumer* | 120 | 79.5 | 1,150 | 74.3 | 31 | 20.5 | 399 | 25.7 |
| TOTAL LOANS | 616 | 79.6 | 31,911 | 77.8 | 158 | 20.4 | 9,120 | 22.2 |

**The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As illustrated in the preceding chart, a majority of the number (79.6%) and dollar amount (77.8%) of loans were provided to borrowers located in the bank’s assessment areas. The institution’s level of lending within its assessment areas is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes

Overall, the bank’s performance of lending to individuals of varying income levels is considered reasonable. Further analysis of the HMDA and motor vehicle secured loans is discussed by assessment area in greater detail later in the evaluation. Aggregate data from 2008 is used as an additional proxy for demand when evaluating the HMDA lending because the 2009 aggregate data is not yet available.

Geographic Distribution of Loans

The bank’s Braxton County assessment area contains only middle-income census tracts, while the Clay County assessment area contains only moderate-income geographies. Based on the income designations of the geographies, a geographic analysis was not conducted.

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.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BRAXTON COUNTY

Based on 2000 census data, the market has a population of 14,702 and a median housing value of \$52,296. The market owner-occupancy rate of 61.2% is less than the State of West Virginia rate of 65.6% as well as the nonmetropolitan areas of West Virginia rate of 65.6%. Within the assessment area, 17.9% of families are below the poverty level, which is higher than that of the state at 13.9% and the nonmetropolitan areas of West Virginia rate of 16.4%. The 2009 HUD estimated median family income for the nonmetropolitan areas of West Virginia equaled \$43,100.

According to data published by the FFIEC, all three of the assessment area’s middle-income census tracts have been designated as being underserved and distressed. Specifically, each of the three middle-income census tracts in Braxton County have been designated as being distressed because of high poverty rates, and their rural remote locations. The underserved designation indicates that the local community may not have access to routine community services.

The following table contains detailed demographic information for the assessment area based on the 2000 census. The table provides demographic data for the assessment area by the income level of families and households, the distribution of owner-occupied housing units, and the distribution of local businesses.

Assessment Area Demographics

| Braxton, WV NonMA | | | | | | | | |
|--|--------------------------------------|--------------|---|--------------|--|--------------|-----------------------------|--------------|
| Income Categories* | Tract Distribution | | Families by Tract | | Families < Poverty as a % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 982 | 23.7 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 812 | 19.6 |
| Middle | 3 | 100.0 | 4,136 | 100.0 | 740 | 17.9 | 903 | 21.8 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,439 | 34.8 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Total | 3 | 100.0 | 4,136 | 100.0 | 740 | 17.9 | 4,136 | 100.0 |
| | Owner Occupied Units by Tract | | Households | | | | | |
| | | | HHs by Tract | | HHs < Poverty by Tract | | HHs by HH Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,554 | 26.8 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 983 | 17.0 |
| Middle | 4,510 | 100.0 | 5,792 | 100.0 | 1,245 | 21.5 | 1,087 | 18.8 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 2,168 | 37.4 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Total | 4,510 | 100.0 | 5,792 | 100.0 | 1,245 | 21.5 | 5,792 | 100.0 |
| | Total Businesses by Tract | | Businesses by Tract and Revenue Size | | | | | |
| | | | Less than or = \$1 Million | | Over \$1 Million | | Revenue not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Middle | 427 | 100.0 | 368 | 100.0 | 33 | 100.0 | 26 | 100.0 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 427 | 100.0 | 368 | 100.0 | 33 | 100.0 | 26 | 100.0 |
| Percentage of Total Businesses: | | | | 86.2 | | 7.7 | | 6.1 |

*NA-Tracts without household or family income as applicable

The local economy is dependent on primary and secondary education, health care, social services, convenience stores, and trucking. Major employers in the area include the public school system, Braxton County Memorial Hospital, Central WV Aging Service, Inc., Go-Mart, Inc., and Weyerhaeuser Company. Current and recent periodic unemployment rates are included in the following table:

| Area | March 2008 | March 2009 | March 2010 |
|---------------------------|------------|------------|------------|
| Braxton County | 6.4% | 8.8% | 12.3% |
| West Virginia (statewide) | 4.6% | 7.6% | 10.1% |

As indicated by the table, area unemployment rates have risen sharply since March 2008. Rising area unemployment rates may affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity.

BOG has minimal competition in Braxton County. One other bank, City National Bank of West Virginia operates within the county. Currently, BOG holds 67.5% of the local market's deposits and ranks first (out of 2 banks) in local deposit market share. The deposit market share data, which is current through June 2009, is compiled annually by the FDIC and does not include deposit accounts held by credit unions.

A local economic development official was contacted to assist in evaluating the bank's CRA performance. The contact characterized the economic conditions of Braxton County as very slow. A downturn in tourism and the demand for forestry products has negatively impacted the area. The contact noted the need for small business development loans in new business areas. He also indicated that local financial institutions are adequately serving the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

To evaluate the bank's performance, HMDA (residential mortgage) and consumer motor vehicle lending activity was analyzed. While HMDA loan data from calendar years 2008 and 2009 was analyzed and considered in the evaluation, unless otherwise noted, bank and aggregate data from 2008 is presented in the following tables. All analyzed consumer motor vehicle loans are included in the following tables.

Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. Aggregate data includes all reporting institutions that originated and/or purchased loans of the type considered within the bank's assessment area. Demographic data is from the 2000 census, and aggregate HMDA statistics are from calendar year 2008. More current HMDA market aggregate data could not be considered because the 2009 data is not yet available.

Primary consideration is given to the number (and corresponding percentage) of transactions when assessing lending performance for specific individual loan types. When combining multiple loan products to arrive at an overall conclusion, the perceived level of performance of each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation. All conclusions take into consideration relevant performance context factors.

Lending to Borrowers of Different Incomes

Overall, the bank's borrower distribution performance is considered reasonable for lending within this assessment area. In reaching this conclusion more weight was placed on the HMDA performance, which was reasonable, than on the consumer motor vehicle performance, which was excellent, because of the larger dollar volume of HMDA lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

| Braxton, WV NonMA (2008) | | | | | | | | |
|--------------------------|--------------------|--------------|---------------|--------------|------------|--------------|---------------|--------------|
| Income Categories | Bank | | | | Aggregate | | | |
| | # | % | \$(000s) | %\$ | # | % | \$(000s) | %\$ |
| | (50) | | | | (78) | | | |
| | Home Purchase | | | | | | | |
| Low | 7 | 14.0 | 268 | 9.3 | 7 | 9.0 | 268 | 4.8 |
| Moderate | 10 | 20.0 | 473 | 16.3 | 17 | 21.8 | 871 | 15.7 |
| | (134) | | | | (186) | | | |
| | Refinance | | | | | | | |
| Low | 13 | 9.7 | 318 | 3.7 | 13 | 7.0 | 318 | 2.3 |
| Moderate | 13 | 9.7 | 490 | 5.7 | 18 | 9.7 | 873 | 6.3 |
| | (9) | | | | (25) | | | |
| | Home Improvement | | | | | | | |
| Low | 1 | 11.1 | 40 | 8.3 | 1 | 4.0 | 40 | 3.6 |
| Moderate | 3 | 33.3 | 63 | 13.1 | 4 | 16.0 | 77 | 7.0 |
| | (0) | | | | (0) | | | |
| | Multi-Family | | | | | | | |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | HMDA Totals | | | | | | | |
| Low | 21 | 10.9 | 626 | 5.2 | 21 | 7.3 | 626 | 3.1 |
| Moderate | 26 | 13.5 | 1,026 | 8.5 | 39 | 13.5 | 1,821 | 8.9 |
| Middle | 47 | 24.4 | 3,211 | 26.7 | 81 | 28.0 | 5,535 | 27.0 |
| Upper | 99 | 51.3 | 7,155 | 59.5 | 148 | 51.2 | 12,513 | 61.1 |
| Total | 193 | 100.0 | 12,018 | 100.0 | 289 | 100.0 | 20,495 | 100.0 |
| <i>Unknown</i> | <i>10</i> | | <i>801</i> | | <i>16</i> | | <i>1,703</i> | |

() represents the total number of bank loans for the specific Loan Purpose where income is known
Percentage's (%) are calculated on all loans where incomes are known

The bank’s primary mortgage product in this assessment area is home refinance loans. The bank’s lending to low-income borrowers exceeded aggregate lending for each mortgage product, while lending to moderate-income borrowers was either comparable to or exceeded the aggregate lending performance. During 2008, the percentage of the bank’s overall HMDA lending to low-income borrowers (10.9%) was less than the proportion of area low-income families (23.7%) but exceeded the 2008 aggregate lending to such borrowers of 7.3%. For moderate-income borrowers, the percentage of HMDA loans (13.5%) was less than the proportion of area moderate-income families (19.6%) but equal to aggregate lending to moderate-income borrowers (13.5%). Performance during 2009 was similar to 2008. Overall, the level of lending to low- and moderate-income borrowers is considered reasonable.

Distribution of Consumer Loans by Income Level of Borrower

| Braxton, WV NonMA (2009) | | | | |
|--------------------------|----------------|--------------|------------|--------------|
| Income Categories | Consumer Loans | | | |
| | # | % | \$(000s) | %\$ |
| Low | 24 | 25.5 | 160 | 17.7 |
| Moderate | 26 | 27.7 | 207 | 23.0 |
| Middle | 21 | 22.3 | 258 | 28.6 |
| Upper | 23 | 24.5 | 277 | 30.7 |
| Total | 94 | 100.0 | 902 | 100.0 |
| <i>Unknown</i> | <i>0</i> | | <i>0</i> | |

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

As illustrated in the preceding table, 25.5% and 27.7% of the bank’s motor vehicle loans were to low- and moderate-income borrowers, respectively. Such levels of lending are comparable to the proportion of area low-income households (26.8%) and significantly exceed moderate-income (17%) households. The bank’s performance is considered excellent.

Geographic Distribution of Loans

As previously mentioned, the institution's assessment area contains only middle-income geographies. Accordingly, all motor vehicle secured loans and HMDA loans made within Braxton County were extended in these areas.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN CLAY COUNTY

Based on 2000 census data, the market has a population of 10,330 and a median housing value of \$47,315. The market owner-occupancy rate of 65.7% is comparable to the rate of 65.6% for the State of West Virginia but slightly less than the MSA rate of 67.5%. Within the assessment area, 24.4% of families are below the poverty level, which is significantly higher than the state at 13.9% and the MSA at 12.4%. The 2009 HUD estimated median family income for the Charleston, WV MSA equals \$53,000.

The following table contains detailed demographic information for the assessment area based on the 2000 census. The table provides demographic data for the assessment area by the income level of families and households, the distribution of owner-occupied housing units, and the distribution of local businesses.

Assessment Area Demographics

| Charleston, WVMA | | | | | | | | |
|--|--------------------------------------|--------------|---|--------------|--|--------------|-----------------------------|--------------|
| Income Categories* | Tract Distribution | | Families by Tract | | Families < Poverty as a % of Families by Tract | | Families by Family Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,110 | 36.8 |
| Moderate | 3 | 100.0 | 3,015 | 100.0 | 737 | 24.4 | 718 | 23.8 |
| Middle | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 545 | 18.1 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 642 | 21.3 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Total | 3 | 100.0 | 3,015 | 100.0 | 737 | 24.4 | 3,015 | 100.0 |
| | Owner Occupied Units by Tract | | Households | | | | | |
| | | | HHs by Tract | | HHs < Poverty by Tract | | HHs by HH Income | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,611 | 39.8 |
| Moderate | 3,179 | 100.0 | 4,048 | 100.0 | 1,141 | 28.2 | 683 | 16.9 |
| Middle | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 764 | 18.9 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 990 | 24.5 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | | |
| Total | 3,179 | 100.0 | 4,048 | 100.0 | 1,141 | 28.2 | 4,048 | 100.0 |
| | Total Businesses by Tract | | Businesses by Tract and Revenue Size | | | | | |
| | | | Less than or = \$1 Million | | Over \$1 Million | | Revenue not Reported | |
| | # | % | # | % | # | % | # | % |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 184 | 100.0 | 152 | 100.0 | 14 | 100.0 | 18 | 100.0 |
| Middle | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Upper | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| NA | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total | 184 | 100.0 | 152 | 100.0 | 14 | 100.0 | 18 | 100.0 |
| Percentage of Total Businesses: | | | | 82.6 | | 7.6 | | 9.8 |

*NA-Tracts without household or family income as applicable

The local economy is dependent on local government including primary and secondary education, coal mining, and trucking. The largest employers include: Clay County Board of Education, Amvest West Virginia Coal, LLC, Clay County Development Corporation, and Clay Trucking, Inc. Current and recent periodic unemployment rates are included in the following table:

| Area | March 2008 | March 2009 | March 2010 |
|---------------------------|------------|------------|------------|
| Clay County | 7.5% | 10% | 16.2% |
| West Virginia (statewide) | 4.6% | 7.6% | 10.1% |

As indicated by the table, area unemployment rates have risen sharply since March 2008. Rising area unemployment rates may affect a bank's ability to extend credit as unemployed applicants often have diminished repayment capacity.

In this assessment area, BOG competes with one local bank, Clay County Bank. Currently, BOG holds 11.7% of the local market's deposits and ranks second (out of two banks) in local deposit market share. The deposit market share data, which is current through June 2009, is compiled annually by the FDIC and does not include deposit accounts held by credit unions.

A local economic development official was contacted to assist in evaluating the bank's CRA performance. The contact stated that Clay County is a difficult place to live and work. Unemployment is traditionally higher than in other counties in West Virginia, and the area lacks land that is easily developed for business purposes. The area is further inhibited by the closing of local coal mines. She indicated that the opening of a community college within the county was a recent positive development that was improving the opportunities of area residents. The contact further stated that local financial institutions are adequately serving the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Lending to Borrowers of Different Incomes

Overall, the distribution of loans to borrowers of different income levels is considered reasonable within this assessment area. In reaching this conclusion more weight was placed on the HMDA performance, which was reasonable, than on the consumer motor vehicle performance, which was excellent, because of the larger dollar volume of HMDA lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

| Charleston, WV MA (2008) | | | | | | | | |
|--------------------------|--------------------|--------------|--------------|--------------|------------|--------------|---------------|--------------|
| Income Categories | Bank | | | | Aggregate | | | |
| | # | % | \$(000s) | %\$ | # | % | \$(000s) | %\$ |
| | (7) | | | | (88) | | | |
| | Home Purchase | | | | | | | |
| Low | 4 | 57.1 | 51 | 27.4 | 22 | 25.0 | 517 | 9.9 |
| Moderate | 1 | 14.3 | 12 | 6.5 | 18 | 20.5 | 872 | 16.6 |
| | (27) | | | | (153) | | | |
| | Refinance | | | | | | | |
| Low | 5 | 18.5 | 227 | 14.3 | 21 | 13.7 | 729 | 6.9 |
| Moderate | 4 | 14.8 | 217 | 13.7 | 28 | 18.3 | 1,468 | 13.9 |
| | (6) | | | | (30) | | | |
| | Home Improvement | | | | | | | |
| Low | 1 | 16.7 | 45 | 11.4 | 2 | 6.7 | 48 | 3.7 |
| Moderate | 1 | 16.7 | 65 | 16.5 | 5 | 16.7 | 253 | 19.5 |
| | (0) | | | | (0) | | | |
| | Multi-Family | | | | | | | |
| Low | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| | HMDA Totals | | | | | | | |
| Low | 10 | 25.0 | 323 | 14.9 | 45 | 16.6 | 1,294 | 7.6 |
| Moderate | 6 | 15.0 | 294 | 13.6 | 51 | 18.8 | 2,593 | 15.2 |
| Middle | 9 | 22.5 | 542 | 25.0 | 73 | 26.9 | 4,541 | 26.6 |
| Upper | 15 | 37.5 | 1,008 | 46.5 | 102 | 37.6 | 8,671 | 50.7 |
| Total | 40 | 100.0 | 2,167 | 100.0 | 271 | 100.0 | 17,099 | 100.0 |
| <i>Unknown</i> | <i>1</i> | | <i>96</i> | | <i>7</i> | | <i>940</i> | |

() represents the total number of bank loans for the specific Loan Purpose where income is known
Percentage's (%) are calculated on all loans where incomes are known

The bank's primary mortgage product in this assessment area is home refinance loans. Lending to low-income borrowers exceeded aggregate lending for each mortgage product, while lending to moderate-income borrowers was either comparable or slightly lower than the aggregate lending performance. During 2008, the percentage of the bank's overall HMDA lending to low-income borrowers (25%) was less than the proportion of area low-income families (36.8%) but exceeded the 2008 aggregate lending to such borrowers of 16.6%. For moderate-income borrowers, the percentage of HMDA loans (15%) was less than the proportion of area moderate-income families (23.8%) and aggregate lending to moderate-income borrowers (18.8%). During 2009, the percentage of the bank's HMDA loans to low-income borrowers (15.4%) was less than in 2008; however, the bank's level of HMDA lending to moderate-income borrowers (30.8%) greatly improved in 2009. Overall, the level of lending to low- and moderate-income borrowers is considered reasonable.

Distribution of Consumer Loans by Income Level of Borrower

| Charleston, WV MA (2009) | | | | |
|--------------------------|----------------|--------------|------------|--------------|
| Income Categories | Consumer Loans | | | |
| | # | % | \$(000s) | %\$ |
| Low | 10 | 38.5 | 71 | 28.6 |
| Moderate | 8 | 30.8 | 72 | 29.3 |
| Middle | 4 | 15.4 | 54 | 22.0 |
| Upper | 4 | 15.4 | 50 | 20.2 |
| Total | 26 | 100.0 | 247 | 100.0 |
| <i>Unknown</i> | <i>0</i> | | <i>0</i> | |

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

As illustrated in the preceding table, 38.5% of the bank's consumer motor vehicle loans were to low-income borrowers and is comparable to the proportion of low-income households (39.8%). Additionally, 30.8% of the bank's consumer motor vehicle loans were to moderate-income borrowers, which significantly exceeds the proportion of area moderate-income (16.9%) households. Overall, the bank's performance is considered excellent.

Geographic Distribution of Loans

As discussed previously, this assessment area contains only moderate-income geographies. Therefore, all loans made within Clay County were extended in moderate-income geographies.

CRA APPENDIX A

SCOPE OF EXAMINATION

| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | |
|---|---------------------------|---|
| ASSESSMENT AREA | TYPE OF EXAMINATIO | BRANCHES VISITED¹ |
| Braxton County, WV - nonmetropolitan assessment area | Full-scope | 700 Elk Street, Gassaway, WV 26624 |
| Clay County, WV – part of the Charleston, WV MSA | Full-scope | None |

¹ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

Assessment Area Branch, Deposit, and Loan Volume

Loan volume data reflects the 2008 and 2009 HMDA and sampled 2009 motor vehicle loans. Deposit volume data was reported to the Federal Deposit Insurance Corporation and is current as of June 2009.

| Assessment Area | Loan Volume | | | | Branches | | Deposit Volume | |
|-----------------|-------------|-------|-----------|-------|----------|------|----------------|-------|
| | # | % | \$ (000s) | % | # | % | \$ (000s) | % |
| Braxton County | 522 | 84.7% | \$27,998 | 87.7% | 4 | 80% | \$132,201 | 94.2% |
| Clay County | 94 | 15.3% | \$3,912 | 12.3% | 1 | 20% | \$8,157 | 5.8% |
| Totals | 616 | 100% | \$31,910 | 100% | 5 | 100% | \$140,358 | 100% |

As indicated in the table, bank operations are heavily concentrated in the Braxton County assessment area.

CRA APPENDIX C

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 Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.