

PUBLIC DISCLOSURE

April 9, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Peoples Bank, Inc.

708333

200 First Street

Mullens, West Virginia 25882

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 in relation to the bank's size, financial condition, and demand for credit in the bank's assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and consumer unsecured loans were originated within the bank's assessment areas during the evaluation period.
- The bank's lending to borrowers of different income levels (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 institution has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

First Peoples Bank, Inc. (FPB) was evaluated using the interagency examination procedures for small banks developed by the Federal Financial Institutions Examination Council (FFIEC). Because it operates a bank branch in a metropolitan statistical area (MSA), FPB is required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosure Act (HMDA). Accordingly, the bank's 2015 and 2016 HMDA loans were considered in the evaluation. In addition, consumer unsecured lending was identified as a significant product line and was also considered in the evaluation. The analysis included all consumer unsecured loans originated by the bank during calendar year 2017.

The bank has delineated two assessment areas within West Virginia. Because of the bank's loan volume, number of branches, and deposit volume within each assessment area, both assessment areas were evaluated using the FFIEC's full-scope review procedures. Appendix A includes information about the bank's lending, branches, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

FPB is headquartered in Mullens, West Virginia and operates three full-service branch offices in southern West Virginia. The bank is a wholly-owned subsidiary of Peoples Bankshares, Inc., a single-bank holding company, also headquartered in Mullens, West Virginia. The institution received a Satisfactory rating at its previous CRA evaluation dated March 17, 2014. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 31, 2017, FPB held assets totaling \$131 million, of which 32.5% were net loans and 44.9% were securities. As of the same date, deposits totaled \$111.3 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) as of December 31, 2017, is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2017	
	\$(000s)	%
Secured by 1-4 Family dwellings	28,163	65.5
Multifamily	0	0.0
Construction and Development	0	0.0
Commercial & Industrial/ NonFarm NonResidential	9,369	21.8
Consumer Loans and Credit Cards	5,468	12.7
Agricultural Loans/ Farmland	0	0.0
All Other	12	0.0
Total	43,012	100.0

As indicated in the preceding table, the bank’s existing loan portfolio is concentrated in loans secured by residential real estate. Although commercial and industrial loans comprise the second largest proportion of the loan portfolio by dollar volume, the actual number of such loans recently extended is relatively small in comparison to the number of recently originated consumer loans. Consequently, consumer loans, specifically unsecured loans, were also considered in the evaluation.

The bank operates in two assessment areas located in southern West Virginia. One assessment area is located in a rural, nonmetropolitan statistical area (NonMSA) and includes all of Wyoming County, while the other assessment area includes all of Raleigh County. Appendix A includes information about the bank’s lending, number of branches, and deposit account volume by assessment area. The following table reflects the current composition of the bank’s assessment areas.

Assessment Area Name	City/County	Census Tracts Included
Wyoming, WV NonMSA	Wyoming County	All
Beckley, WV	Raleigh County	All

The bank has not opened or closed any branch offices since the previous evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

An analysis of lending during the review period is discussed in greater detail in subsequent sections of this evaluation for the assessment areas reviewed. While residential mortgage (HMDA) data from calendar years 2015 and 2016 were fully analyzed and considered in the evaluation, bank and aggregate data from 2016 is reflected in the assessment area analysis tables. In instances when the bank’s performance during 2015 varies significantly from its performance during 2016, such variance and the corresponding impact on the overall performance is discussed. The bank’s 2017 HMDA data is not considered in the evaluation, as aggregate data from 2017 is not yet available. Unlike residential mortgage lending, consumer loan data is not reported or collected at an aggregate level, so the bank’s unsecured consumer lending from calendar year 2017 was included in the evaluation.

When evaluating the bank’s performance, relevant area demographic data from the 2010 American Community Survey (ACS) is used as a proxy for demand when evaluating the bank’s 2015 and 2016 HMDA loan 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 through year-end 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 consumer unsecured loan performance during 2017.

When evaluating the geographic and borrower 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 each category extended in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach the institution's rating, the overall level of performance from each assessment area subject to full scope review is weighted primarily according to loan dollar volume within each area during the review period.

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

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 (December 31, 2017) loan-to-deposit ratio equals 38.3% and averaged 38% for the 16-quarter period ending December 31, 2017. The quarterly average loan-to-deposit ratios for four institutions with similar asset size and that operate in FPB's assessment areas ranged from 59.2% to 93% during the same time period. Since December 31, 2013, FPB's assets and deposits have increased by 8.8% and 9.3%, respectively, while net loans have increased substantially by 19.5%.

While the FPB's average loan-to-deposit ratio falls below the range of its four competitors, the four competitor peer banks operate bank branches in Raleigh County, West Virginia, but none operate branch offices in Wyoming County, West Virginia. As indicated by its relatively high unemployment and poverty rates along with distressed and underserved tract designations, economic conditions within Wyoming County are weaker than in Raleigh County, which also has a larger population than Wyoming County. Although the bank operates in two assessment areas, its operations are concentrated in Wyoming County. Weak economic conditions within Wyoming County limit the viable demand for credit within the assessment area.

In addition, FPB is an active lender within Wyoming county despite challenging economic conditions. According to aggregate HMDA data from 2016, FPB ranked first in HMDA market share having extended more residential mortgage loans within Wyoming County than any other HMDA reporter within the county during 2016. Within both assessment areas on a combined basis, FPB ranked 9th out of 12 HMDA lenders during 2016.

Bank management also routinely advertises its loan products and prices its loans competitively in relation to its peers. Bank management also monitors FPB's lending position on a daily basis and has a second review process in place for all applications prior to denial. Considering the institution's net loan growth, financial condition, market conditions, and local credit needs, its loan-to-deposit ratio is considered reasonable.

Lending in Assessment Areas

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's HMDA and consumer unsecured loans was considered. As previously noted, the evaluation includes two calendar years (2015 and 2016) of HMDA lending and consumer unsecured loans from one calendar year (2017). The lending distribution inside and outside of the bank's assessment areas 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	51	73.9	4,301	63.1	18	26.1	2,516	36.9
Home Improvement	2	100.0	85	100.0	0	0.0	0	0.0
Refinancing	29	80.6	3,162	77.1	7	19.4	940	22.9
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	82	76.6	7,548	68.6	25	23.4	3,456	31.4
Consumer-Unsecured*	92	88.5	565	74.8	12	11.5	190	25.2
TOTAL LOANS	174	82.5	8,113	69.0	37	17.5	3,646	31.0

*The number and dollar amount of loans reflects a sample of such loans originated during 2017 and does not reflect loan data collected or reported by the institution.

As indicated in the preceding table, a majority of the number and dollar amount of residential mortgage and consumer unsecured loans were originated in the bank’s assessment areas. Overall, the institution’s level of lending within its assessment areas is considered responsive to community credit needs.

Lending to Borrowers of Different Incomes

The bank’s borrower distribution performance is considered reasonable in the Wyoming, WV NonMSA assessment area, while its performance is considered poor in the Beckley, WV assessment area. Given that a majority of the bank’s HMDA and consumer unsecured loans were originated to borrowers in the Wyoming, WV NonMSA, the performance in this assessment area was given more weight when considering the bank’s overall borrower distribution performance, which is reasonable.

Geographic Distribution of Loans

The bank’s geographic distribution performance is considered poor in the Wyoming, WV NonMSA assessment area, while its performance is considered reasonable in the Beckley, WV assessment area. Given that a majority of the bank’s operations are located in the Wyoming, WV NonMSA assessment area, the performance in this assessment area was given more weight when considering the bank’s overall geographic distribution performance, which is poor.

ASSESSMENT AREA DELINEATIONS

A review of the bank’s assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank’s branches and deposit taking automated teller machines. While one of the bank’s assessment area delineations includes less than an entire MSA, the delineated area contained whole political subdivisions, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did 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.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN WYOMING, WV NONMSA ASSESSMENT AREA

This assessment area includes all of Wyoming County, West Virginia. The bank operates two full-service branch offices within the assessment area, and as of June 30, 2017, the bank ranked first out of three institutions in local deposit market share with 43% of deposits within the assessment area. According to ACS data from 2015, the assessment area has a population of 22,866 and a median housing value of \$60,207. The owner-occupancy rate for the assessment area equals 68.8%, which exceeds the owner-occupancy rate in nonmetropolitan areas of West Virginia (60.3%) and the overall statewide rate (60.8%). Within the assessment area, 17.2% of families are considered below the poverty level, which is higher than both the percentage of such families in the nonmetropolitan areas of West Virginia (14.7%) as well as the overall state (13.1%). The 2015 HUD estimated median family income for the nonmetropolitan areas of West Virginia equaled \$48,900 during 2015, slightly decreased to \$48,300 in 2016, and increased to \$49,300 in 2017. The following table provides pertinent demographic data for the assessment area based on 2010 ACS data.

Assessment Area Demographics

Wyoming County, WV NMSA (Based on 2010 ACS Data and 2016 D&B Information)								
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	1,297	19.8
Moderate	0	0.0	0	0.0	0	0.0	1,009	15.4
Middle	5	83.3	5,228	79.6	767	14.7	1,483	22.6
Upper	1	16.7	1,337	20.4	113	8.5	2,776	42.2
NA	0	0.0	0	0.0	0	0.0		
Total	6	100.0	6,565	100.0	880	13.4	6,565	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	2,170	23.8
Moderate	0	0.0	0	0.0	0	0.0	1,346	14.7
Middle	5,809	78.2	7,094	77.7	1,330	18.7	1,631	17.9
Upper	1,622	21.8	2,032	22.3	365	18.0	3,979	43.6
NA	0	0.0	0	0.0	0	0.0		
Total	7,431	100.0	9,126	100.0	1,695	18.6	9,126	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	232	68.2	205	71.2	19	50.0	8	57.1
Upper	108	31.8	83	28.8	19	50.0	6	42.9
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	340	100.0	288	100.0	38	100.0	14	100.0
Percentage of Total Businesses:				84.7		11.2		4.1

*NA-Tracts without household or family income as applicable

According to data published by the FFIEC, all five of the Wyoming County middle-income census tracts were considered distressed because of comparatively high poverty and unemployment rates during 2016. These tracts were also designated as underserved. Underserved census tracts are typically located in rural communities that may lack certain community services/infrastructure and are also distant from more urban population centers.

Following the most recent update to the ACS data, the income level designation of certain census tracts within the assessment area changed from 2016 to 2017. In 2016, the bank had no low- or moderate-income census tracts in the assessment area, but as of 2017 there is one-moderate income census tract in the assessment area. In addition to the change in census tract designations, the total number of families in the assessment area also decreased, while the number of low-income families increased. The total number of households in the assessment area slightly increased as did the number of low- and moderate-income households.

The following table provides pertinent demographic data for the assessment area based on 2015 ACS data.

Assessment Area Demographics

Wyoming Cou ty, WV NMSA (Based on 2015 ACS Data and 2016 D&B Information)								
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	1,693	26.0
Moderate	1	16.7	642	9.9	145	22.6	997	15.3
Middle	5	83.3	5,862	90.1	972	16.6	1,301	20.0
Upper	0	0.0	0	0.0	0	0.0	2,513	38.7
NA	0	0.0	0	0.0	0	0.0		
Total	6	100.0	6,504	100.0	1,117	17.2	6,504	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	2,717	29.5
Moderate	759	10.2	983	10.7	336	34.2	1,558	16.9
Middle	6,702	89.8	8,216	89.3	1,756	21.4	1,348	14.7
Upper	0	0.0	0	0.0	0	0.0	3,576	38.9
NA	0	0.0	0	0.0	0	0.0		
Total	7,461	100.0	9,199	100.0	2,092	22.7	9,199	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	39	11.5	35	12.2	2	5.3	2	14.3
Middle	301	88.5	253	87.8	36	94.7	12	85.7
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	340	100.0	288	100.0	38	100.0	14	100.0
	Percentage of Total Businesses:			84.7		11.2		4.1

*NA-Tracts without household or family income as applicable

As a result of the updated ACS data, a census tract designated as upper-income during 2016 was designated as middle-income during 2017 and a middle-income in 2016 became a moderate-income census tract in 2017. Similar to the FFIEC’s distressed and underserved designations in 2016, all five of the middle-income census tracts in the assessment area were considered distressed and underserved during 2017.

The local economy is based on a variety of mining, service (private and government), and health care industries. Major employers include ERP Compliant Fuels, Greenbrier Minerals, Mountainheart Community Services, Spartan Mining Company, Stat EMS, local governments, and area school boards. As indicated in the following table, the unemployment rates in Wyoming County have declined during the recent four-year period. Nonetheless, area unemployment rates remain elevated in the assessment area in relation to the statewide rate.

Geographic Area	Dec 2014	Dec 2015	Dec 2016	Dec 2017
Wyoming County	9.1%	8.8%	7.5%	6.7%
West Virginia	6.1%	6%	5.2%	5.2%

The changes in low- and moderate-income families and households within Wyoming County combined with the distressed and underserved tracts and comparatively high unemployment rates reflect a weak local economy and may result in there being fewer qualified credit applicants.

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact stated that the local economy is lagging behind that of the state and that general financing needs of the local economy tend to be housing focused rather than small business related. Nonetheless, the contact suggested that the local economy would benefit from additional sources of capital for new and existing businesses. The contact also suggested that area financial institutions are reasonably meeting the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Within this assessment area, the bank originated HMDA loans totaling \$1.5 million during 2016. The bank also originated consumer unsecured loans totaling approximately \$304,000 during 2017. Given the comparatively larger volume of HMDA lending within the assessment area, the bank’s HMDA loan performance is generally weighted more heavily when considering the bank’s combined product performance.

Lending to Borrowers of Different Income Levels

Within the Wyoming, WV NonMSA assessment area, the bank’s borrower distribution performance is reasonable.

Distribution of HMDA Loans by Income Level of Borrower

Wyoming County, WV NMSA (2016)									
Income Categories	Bank				Aggregate				
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$	
HMDA Totals									
Low	1	3.8	61	4.0	4	7.7	156	4.6	
Moderate	4	15.4	160	10.6	10	19.2	478	14.0	
Middle	6	23.1	314	20.8	10	19.2	747	21.9	
Upper	15	57.7	978	64.6	28	53.9	2,037	59.5	
Total	26	100.0	1,513	100.0	52	100.0	3,418	100.0	
Unknown	0		0		5		428		

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

During 2016, the bank’s HMDA lending to low-income borrowers (3.8%) lagged the percentage of area low-income families (19.8%) and the aggregate level of lending to such borrowers (7.7%). The bank’s lending to moderate-income borrowers (15.4%) lagged the aggregate level of lending (19.2%) but equaled the percentage of such area families (15.4%). The bank’s performance during 2016 is considered reasonable, and its performance during 2015 is similar.

Distribution of Consumer Loans by Income Level of Borrower

Wyoming Couy, WV NMSA (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	9	15.5	19	6.3
Moderate	17	29.3	48	15.8
Middle	12	20.7	70	23.0
Upper	20	34.5	167	54.9
Total	58	100.0	304	100.0
Unknown	0		0	

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

The bank's level of consumer unsecured lending to low-income borrowers (15.5%) lagged the percentage of low-income households (29.5%) in the assessment area. Bank lending to moderate-income borrowers (29.3%), however, exceeded the proportion of moderate-income households (16.9%) in the area. The bank's consumer unsecured lending performance is considered reasonable.

Geographic Distribution of Loans

While the bank's HMDA geographic distribution performance is reasonable during 2015 and 2016, there are no low- or moderate-income census tracts in the bank's assessment area during this time period. Following ACS data changes, the bank's assessment area includes no low- and one moderate-income census tract during 2017, and the bank's consumer loan geographic distribution performance is poor, as the bank made no loans in the moderate-income census tract. Overall, the bank's geographic distribution performance is considered poor.

While the bank's HMDA lending is generally given more weight when considering overall performance, the bank's consumer loan performance was given more weight in this instance because there were no low- or moderate-income census tracts during the period of time (i.e. 2015 and 2016) in which the HMDA lending occurred.

Distribution of HMDA Loans by Income Level of Census Tract

Wyoming County, WV NMSA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(18) Home Purchase				(40)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	13	72.2	708	78.9	28	71.8	1,852	75.3
Upper	5	27.8	189	21.1	11	28.2	606	24.7
	(7) Refinance				(16)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	6	85.7	486	85.9	13	81.3	1,036	79.6
Upper	1	14.3	80	14.1	3	18.7	265	20.4
	(1) Home Improvement				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	100.0	50	100.0	1	100.0	50	100.0
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	(0) Multi-Family				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
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
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	20	76.9	1,244	82.2	42	75.0	2,938	77.1
Upper	6	23.1	269	17.8	14	25.0	871	22.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	26	100.0	1,513	100.0	56	100.0	3,809	100.0

NA*-Tracts without household or family income as applicable

The bank's level of lending in moderate-income census tracts (76.9%) approximated the proportion of owner-occupied housing units located in middle-income areas (78.2%) and the aggregate level of lending (75%). The bank's performance is considered reasonable during 2016, and its performance during 2015 is similar.

Distribution of Consumer Loans by Income Level of Census Tract

Wyoming County, WV NMSA (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA
Moderate	0	0.0	0	0.0
Middle	58	100.0	304	100.0
Upper	NA	NA	NA	NA
NA*	NA	NA	NA	NA
Total	58	100.0	304	100.0

*NA-Tracts without household or family income as applicable

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

As previously indicated, FPB had no low-income census tracts and only one moderate-income census tract within the bank's assessment area in 2017. The bank did not originate any consumer unsecured loans within the assessment area's moderate-income tract. With 10.7% of assessment area households located in the moderate-income census tract, lending opportunities do exist within this area. FPB operates two branches in the assessment area with the closest branch located approximately six miles east of the moderate-income census tract. A state road runs east-to-west from the bank branch through the moderate-income census tract and, there are no geographic barriers that separate the bank's branches from the moderate-income census tract. Given its absence of lending in the moderate-income census tract, the bank's performance is considered poor.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BECKLEY, WV ASSESSMENT AREA

This assessment area includes all of Raleigh County, West Virginia, which is a portion of the Beckley, WV MSA. The bank operates one full-service branch office within the assessment area, and as of June 30, 2017, the bank ranked 11th out of 12 institutions in local deposit market share with .5% of deposits within the assessment area. According to ACS data from 2015, the assessment area has a population of 78,493 and a median housing value of \$101,660. The owner-occupancy rate for the assessment area (63.3%) approximates the rate within the Beckley, WV MSA (63.2%) and is slightly higher than the overall state rate (60.8%). Within the assessment area, 13.6% of families are considered below the poverty level, which is slightly lower than the percentage of such families in the Beckley, WV MSA (14.1%), but slightly higher than the overall state poverty rate (13.1%). The 2015 HUD estimated median family income for the Beckley, WV MSA equaled \$50,100 in 2015, decreased to \$46,200 in 2016, and increased to \$50,800 in 2017. The following table provides pertinent demographic data for the assessment area based on 2010 ACS data.

Assessment Area Demographics

Beckley, WV (Based on 2010 ACS Data and 2016 D&B Information)								
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	4,686	22.3
Moderate	1	5.9	873	4.2	250	28.6	3,216	15.3
Middle	12	70.6	14,126	67.2	2,157	15.3	3,987	19.0
Upper	4	23.5	6,015	28.6	636	10.6	9,125	43.4
NA	0	0.0	0	0.0	0	0.0		
Total	17	100.0	21,014	100.0	3,043	14.5	21,014	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	7,204	23.1
Moderate	947	4.0	1,479	4.7	400	27.0	5,042	16.2
Middle	16,097	67.4	20,851	66.8	3,687	17.7	4,596	14.7
Upper	6,855	28.6	8,866	28.5	1,211	13.7	14,354	46.0
NA	0	0.0	0	0.0	0	0.0		
Total	23,899	100.0	31,196	100.0	5,298	17.0	31,196	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	261	11.3	226	11.2	31	12.4	4	10.0
Middle	1,455	62.9	1,275	63.0	149	59.8	31	77.5
Upper	596	25.8	522	25.8	69	27.8	5	12.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,312	100.0	2,023	100.0	249	100.0	40	100.0
	Percentage of Total Businesses:			87.5		10.8		1.7

*NA-Tracts without household or family income as applicable

With the change in ACS data from 2016 to 2017, the total number of families in the assessment area decreased as did the number of low-income families, while the number of moderate-income families increased slightly. The number of area low-income households and total number of area households increased slightly, while the number of moderate-income households decreased slightly. From a census tract perspective, there is one more middle-income and one less upper-income census tract in the assessment during 2017 than during 2016. The following table provides pertinent demographic data for the assessment area based on 2015 ACS data.

Assessment Area Demographics

Beckley, WV (Based on 2015 ACS Data and 2016 D&B Information)								
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	4,021	19.3
Moderate	1	5.9	1,012	4.9	237	23.4	3,507	16.9
Middle	13	76.5	16,317	78.4	2,372	14.5	4,350	20.9
Upper	3	17.6	3,483	16.7	221	6.3	8,934	42.9
NA	0	0.0	0	0.0	0	0.0		
Total	17	100.0	20,812	100.0	2,830	13.6	20,812	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	7,347	23.5
Moderate	968	4.2	1,413	4.5	350	24.8	4,787	15.3
Middle	17,910	78.6	24,505	78.4	4,246	17.3	5,413	17.3
Upper	3,901	17.2	5,356	17.1	672	12.5	13,727	43.9
NA	0	0.0	0	0.0	0	0.0		
Total	22,779	100.0	31,274	100.0	5,268	16.8	31,274	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	34	1.5	28	1.4	4	1.6	2	5.0
Middle	1,941	84.0	1,698	83.9	206	82.7	37	92.5
Upper	337	14.5	297	14.7	39	15.7	1	2.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,312	100.0	2,023	100.0	249	100.0	40	100.0
Percentage of Total Businesses:				87.5		10.8		1.7

*NA-Tracts without household or family income as applicable

The local economy is based on a variety of mining, service (private and government), and health care industries. Major employers include Raleigh General Hospital, Wal-Mart stores, United States Department of Veterans Affairs, Appalachian Regional Healthcare, Alpha Natural Resources, local governments, and area school boards. As indicated in the following table, the unemployment rates in Raleigh County have declined during the recent four-year period.

Geographic Area	Dec 2014	Dec 2015	Dec 2016	Dec 2017
Raleigh County	6.7%	6.8%	5.7%	5.5%
Beckley, WV MSA	7.1%	7.3%	6.1%	6.1%
West Virginia	6.1%	6%	5.2%	5.2%

An individual knowledgeable of the local market area was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact stated that despite an improving local economy, homelessness remains an issue within the community. A decline in volunteerism and charitable donations is straining the resources of the organizations that provide services to low- and moderate-income people. The individual contacted suggested that area financial institutions are adequately meeting local credit needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

Within this assessment area, the bank originated HMDA loans totaling \$1.8 million during 2016. The bank also originated consumer unsecured loans totaling approximately \$261,000 during 2017. Given the comparatively larger volume of HMDA lending within the assessment area, the bank’s HMDA loan performance is weighted more heavily when considering the bank’s combined product performance.

Lending to Borrowers of Different Incomes Levels

When considering the bank’s performance by loan product, the borrower distribution performance is poor for HMDA, while the consumer unsecured loan performance is considered reasonable. Overall, borrower distribution performance is poor and reflects the greater weight placed on the bank’s HMDA lending.

Distribution of HMDA Loans by Income Level of Borrower

Beckley, WV (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
HMDA Totals								
Low	0	0.0	0	0.0	28	7.8	1,414	3.8
Moderate	1	10.0	200	11.0	63	17.6	5,074	13.6
Middle	1	10.0	85	4.7	88	24.6	8,149	21.8
Upper	8	80.0	1,525	84.3	178	50.0	22,801	60.8
Total	10	100.0	1,810	100.0	357	100.0	37,438	100.0
Unknown	0		0		84		10,852	

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

As indicated in the preceding table, the bank originated no HMDA loans to low-income borrowers during 2016. However, demographic and aggregate data indicate that there is demand for lending from such borrowers. Within the assessment area, 22.3% of area families are low-income and 7.8% of all aggregate loans were to low-income borrowers. FPB’s level of lending to moderate-income borrowers (10%) lagged the percentage of such families (15.3%) and the aggregate level of lending (17.6%) within the assessment area. The bank’s performance is considered poor during 2016, and its performance during 2015 is similar.

Distribution of Consumer Loans by Income Level of Borrower

Beckley, WV (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	2	5.9	5	1.9
Moderate	7	20.6	37	14.1
Middle	12	35.3	74	28.2
Upper	13	38.2	146	55.8
Total	34	100.0	262	100.0
Unknown	0		0	

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

While the bank's level of consumer unsecured lending to low-income borrowers (5.9%) lagged the percentage of low-income households (23.5%), its level of lending to moderate-income borrowers (20.6%) exceeded the proportion of moderate-income households (15.3%) in the assessment area. The bank's lending performance is considered reasonable.

Geographic Distribution of Loans

There are no low-income tracts and one moderate-income tract within the assessment area. The bank's geographic distribution performance is reasonable overall for HMDA lending and excellent for consumer lending. Overall, geographic distribution performance is considered reasonable and reflects the greater weight placed on the bank's HMDA lending performance.

Distribution of HMDA Loans by Income Level of Census Tract

Beckley, WV (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
	(5)				(208)			
	Home Purchase							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	150	14.9	11	5.3	1,183	5.5
Middle	4	80.0	859	85.1	134	64.4	13,808	63.7
Upper	0	0.0	0	0.0	63	30.3	6,672	30.8
	(5)				(209)			
	Refinance							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	20.0	204	25.5	7	3.3	854	3.3
Middle	3	60.0	467	58.3	134	64.1	16,133	62.7
Upper	1	20.0	130	16.2	68	32.6	8,745	34.0
	(0)				(24)			
	Home Improvement							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	4.2	38	4.2
Middle	0	0.0	0	0.0	17	70.8	653	73.0
Upper	0	0.0	0	0.0	6	25.0	204	22.8
	(0)				(0)			
	Multi-Family							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
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
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	20.0	354	19.6	19	4.3	2,075	4.3
Middle	7	70.0	1,326	73.3	285	64.6	30,594	63.4
Upper	1	10.0	130	7.1	137	31.1	15,621	32.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	10	100.0	1,810	100.0	441	100.0	48,290	100.0

NA*-Tracts without household or family income as applicable

The bank's level of lending to moderate-income borrowers (20%) substantially exceeded the proportion of owner-occupied housing units (4%) and the aggregate level of lending (4.3%) in moderate-income census tracts within the bank's assessment area. The bank's performance during 2016 is considered excellent.

During 2015, the bank reported originating 17 residential mortgage loans totaling \$2.1 million within the assessment area. Of these loans, none (0%) were to moderate-income borrowers yet 4% of owner-occupied households and 3.7% of the aggregate lending was in the moderate-income census tract. The bank's performance during 2015 is considered very poor.

While the bank's performance varied widely during 2015 and 2016, its overall geographic distribution performance is considered reasonable during the combined two-year period.

Distribution of Consumer Loans by Income Level of Census Tract

Beckley, WV (2017)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA
Moderate	4	11.8	24	9.3
Middle	27	79.4	179	68.6
Upper	3	8.8	58	22.1
NA*	NA	NA	NA	NA
Total	34	100.0	261	100.0

*NA-Tracts without household or family income as applicable

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

FPB originated four consumer unsecured loans within the assessment area's one moderate-income tract. The bank's performance (11.8%) substantially exceeded the proportion of area households located in the moderate-income area (4.5%) and is considered excellent.

CRA APPENDIX A

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the bank's loan, branch, and deposit account volume by assessment area. The loan volume includes all HMDA and consumer unsecured loans considered in the evaluation, while the deposit data is current as of June 30, 2017.

Assessment Area	Loan Volume				Full Service Branches		Deposit Volume	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Wyoming, WV NonMSA	113	64.9%	\$3,903	48.1%	2	66.7%	\$103,722	94.3%
Beckley, WV	61	35.1%	\$4,210	51.9%	1	33.3%	\$6,323	5.7%
Total	174	100%	\$8,113	100%	3	100%	\$110,045	100%

CRA 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 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.