

PUBLIC DISCLOSURE

March 13, 2017

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Peoples Community Bank

947628

15960 Kings Highway

Montross, VA 22520

**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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INSTITUTION RATING

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 bank capacity and demand for credit in the local assessment areas.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation were originated outside of the bank's assessment areas and therefore needs to improve.
- The bank's lending performance demonstrated excellent penetration among individuals of different income levels and businesses of different sizes.
- The geographic distribution performance is considered reasonable overall.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency evaluation procedures for a small bank developed by the Federal Financial Institutions Council (FFIEC). Peoples Community Bank (PCB) is required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosure Act (HMDA). Accordingly, PCB's 2014 and 2015 HMDA loan originations were considered in the evaluation. In addition, small business lending was identified as a significant product line and was also considered in the evaluation. The analysis includes all small business loans originated by PCB during the 2015 calendar year.

Full-scope evaluation procedures were applied to the Westmoreland, VA nonmetropolitan (NonMSA) assessment area as the bank's operations primarily serve this market based on loan and deposit volumes. The Washington-Arlington-Alexandria, VA assessment area was subject to the limited review procedures as defined by the FFIEC. For the limited review, a determination was made as to whether the performance was consistent with the assigned overall rating. Appendix B includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

PCB is headquartered in Montross, Virginia, and operates five full-service branches in the eastern portion of Virginia. PCB is a wholly owned subsidiary of People Bankshares, Inc. (PBI), a single bank holding company also headquartered in Montross, Virginia. This evaluation reflects only the performance of PCB as PBI does not extend credit and there are no other affiliates. PCB received a Satisfactory rating at the prior CRA evaluation dated February 11, 2013. No known legal impediments exist that would constrain the bank from meeting the credit needs of its assessment areas.

As of December 31, 2016, the bank's assets totaled \$171.3 million, of which 77.7% were net loans. Deposits totaled \$152.3 million during this same period. Various deposit and loan products are available through the institution including residential mortgage, business, and consumer purpose loans. The composition of the loan portfolio (reflecting gross loans) is depicted in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2016	
	\$(000s)	%
Secured by 1-4 Family dwellings	75,494	55.6
Multifamily	3,909	2.9
Construction and Development	16,527	12.2
Commercial & Industrial/ NonFarm NonResidential	38,053	28.0
Consumer Loans and Credit Cards	1,493	1.1
Agricultural Loans/ Farmland	299	0.2
All Other	29	0.0
Total	135,804	100.0

As indicated in the preceding table, the bank is an active residential mortgage and commercial/small business lender. Although the bank offers a variety of loan products such as consumer, construction, and farm loans, those loans represent a smaller portion of overall lending activity. Due to the relative size and increased concentration compared to other loan products, residential mortgage and small business loans were used for this evaluation.

As mentioned previously, the bank operates five branches across eastern Virginia. The bank has not opened or closed any branches since the prior CRA evaluation. The following table depicts the bank's two contiguous assessment areas.

Assessment Area	City/County	Census Tracts Included
Westmoreland, VA NonMSA	King George County	All
	Richmond County	All
	Westmoreland County	All
Washington-Arlington-Alexandria, VA	City of Fredericksburg	All
	Spotsylvania County	All
	Stafford County	All

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

An analysis of lending during the review period is discussed in greater detail in the subsequent sections of this evaluation. While HMDA loan data from calendar years 2014 and 2015 was fully analyzed and considered in the evaluation, only bank and aggregate data from 2015 is presented in the assessment area analysis tables. In instances where the bank's 2014 HMDA performance varies significantly from its performance in 2015, such variance and the corresponding impact on the overall performance is discussed. As previously mentioned, small business loan activity included in the evaluation included only originations made in 2015.

When evaluating the bank's performance, relevant area demographic data from the 2010 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 updated once every five years. Dun & Bradstreet (D&B)

business data from 2015 is also considered when evaluating the bank's performance. The aggregate HMDA and small business lending data include all activity reported by lenders that originated or purchased such loans within the bank's assessment areas. Because PCB does not report small business loan data, its lending is not included in the aggregate data.

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

Within the bank's assessment areas, a high level of small business lending activity has been reported by specialized lenders, who often originate small business loans in the form of credit cards. These 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. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending. Therefore, to better gauge performance, PCB's lending is also compared to a group of traditional small business lenders that excludes credit card/specialty lenders.

Overall, the institution'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. Each of these components is discussed in further detail in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio is considered reasonable given its size, financial condition, and assessment area credit needs. To assess the adequacy of PCB's loan-to-deposit performance, three institutions of similar asset size, branching structure, and headquarter location were selected for this evaluation. PCB's current (as of December 31, 2016) loan-to-deposit ratio is 87.4% and averaged 82.8% for the 16-quarter period ending December 31, 2016. The quarterly average for the three similarly situated institutions operating in PCB's assessment area ranged from 73.9% to 93.6% during the same 16-quarter period. PCB's loan-to-deposit ratio is consistent with the performance of these similarly situated institutions. Additionally, loan growth has outpaced deposit growth since the previous evaluation. Since December 31, 2012, bank assets, net loans, and deposits have grown by 15.9%, 40.6%, and 13.7%, respectively.

Lending in Assessment Areas

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's HMDA lending during 2014 and 2015 and small business lending in 2015 was considered. The lending distribution for the combined assessment areas is depicted in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	33	45.2	6,958	42.4	40	54.8	9,471	57.6
Home Improvement	11	39.3	1,665	34.7	17	60.7	3,129	65.3
Refinancing	59	60.2	10,906	49.4	39	39.8	11,158	50.6
Multi-Family Housing	0	0.0	0	0.0	1	100.0	372	100.0
Total HMDA related	103	51.5	19,529	44.7	97	48.5	24,130	55.3
Small Business	10	16.7	2,359	24.0	50	83.3	7,452	76.0
Small Bus - Secured by Real Estate*	2	28.6	152	19.4	5	71.4	630	80.6
TOTAL LOANS	115	43.1	22,040	40.6	152	56.9	32,212	59.4

As indicated in the preceding table, a majority of the number of HMDA loans (51.5%) was originated within the bank's assessment area. However, the majority of the dollar amount of HMDA loans (55.3%), and both the number (82.1%) and dollar amount of small business loans (76.3%) were originated outside the bank's assessment areas. Based on the information above, the institution's lending inside its assessment areas does not meet the standards for satisfactory performance and is considered in need of improvement since the majority of loans are outside PCB's assessment areas.

Although the bank's assessment area concentration needs to improve, community contacts completed during this evaluation suggest small business loan demand to be limited within the bank's assessment areas. Further discussion of the limited small business loan demand is included in the description of the assessment area below.

While the institution's small business and small business secured by residential real estate lending is reflected as separate loan types in the preceding table, these two loan types are combined together for analytical purposes throughout the remainder of the analysis.

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.

NONMETROPOLITAN AREA

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WESTMORELAND, VA
NONMSA ASSESSMENT AREA**

PCB operates four-full service branches in the Westmoreland, VA NonMSA assessment area. The bank's delineation of this assessment area incorporates all census tracts contained in the counties of Richmond, Westmoreland, and King George. According to 2010 census data, the assessment area has a population of 50,292 and a median housing value of \$233,676. The owner-occupancy rate for the assessment area (60.1%) is slightly lower than the owner-occupancy rate for Virginia (61.8%) and consistent with the owner-occupancy rate for nonmetropolitan areas of the Commonwealth (59.9%). The percentage of families living below the poverty level in the assessment area (6.5%) is significantly lower than the level for nonmetropolitan areas of the Commonwealth (11.8%) and slightly lower than the average for Virginia (7.2%). The 2014 and 2015 HUD estimated median family incomes for nonmetropolitan areas of Virginia equaled \$52,000 and \$52,700, respectively. The following table depicts pertinent demographic data for this assessment area.

Assessment Area Demographics

Westmoreland, VA NonMSA (Based on 2010 ACS Data and 2015 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	1,290	10.2
Moderate	0	0.0	0	0.0	0	0.0	1,324	10.5
Middle	1	9.1	863	6.8	58	6.7	2,305	18.2
Upper	10	90.9	11,770	93.2	758	6.4	7,714	61.1
NA	0	0.0	0	0.0	0	0.0		
Total	11	100.0	12,633	100.0	816	6.5	12,633	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	2,499	13.6
Moderate	0	0.0	0	0.0	0	0.0	1,882	10.3
Middle	940	6.7	1,268	6.9	174	13.7	2,675	14.6
Upper	13,156	93.3	17,068	93.1	1,526	8.9	11,280	61.5
NA	0	0.0	0	0.0	0	0.0		
Total	14,096	100.0	18,336	100.0	1,700	9.3	18,336	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	97	4.9	95	5.1	1	1.3	1	4.0
Upper	1,865	95.1	1,765	94.9	76	98.7	24	96.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,962	100.0	1,860	100.0	77	100.0	25	100.0
Percentage of Total Businesses:				94.8		3.9		1.3

*NA-Tracts without household or family income as applicable

The Westmoreland, VA NonMSA assessment area is located in the eastern portion of the Commonwealth bounded by the Rappahannock River to the south and the Potomac River to the north. This peninsula extending into the Chesapeake Bay is known regionally as the Northern Neck. The local economy is supported primarily by agricultural, fishing, forestry, and service-based industries. Major employers include the U.S. Department of Defense, Haynesville Correctional Institute, Westmoreland County School Board, King George County School Board, and Carry On Trailer Corporation. The assessment area is situated within driving distance of the major urban centers of Richmond, Norfolk, and Northern Virginia. Current and recent periodic employment rates for the assessment area are included in the following table.

Unemployment Rate Trend					
Geographic Area	March 2013	March 2014	March 2015	March 2016	January 2017
King George County	6%	5.8%	5.4%	4.6%	4.3%
Richmond County	7%	6%	5.4%	4.4%	4.7%
Westmoreland County	7.2%	7.5%	6.6%	5.4%	5.9%
Commonwealth of Virginia	5.7%	5.6%	4.8%	4%	4.2%

As indicated by the data included in the preceding table, unemployment rates for the counties in the assessment area were slightly greater than the unemployment for the Commonwealth, suggesting less favorable labor conditions within the banks' markets.

A local government authority and a regional economic development organization were recently contacted to discuss economic conditions and community credit needs.

The contact from the local government authority cited lack of industrial infrastructure as particularly obstructive in attracting new businesses to the assessment area. More specifically, the contact identified the absence of natural gas lines, high-speed internet connections, and other telecommunications networks as the primary reasons a business may be reluctant to expand operations into the region. A technically-adept workforce was also mentioned as a barrier for new business expansion into the Northern Neck. The contact mentioned public dissent has been an issue when allocating commercial zones as many residents wish to preserve the natural resources and rural appeal of the Northern Neck. Despite these obstacles, the contact stated local financial institutions are currently servicing the credit needs of the community.

The contact from the economic development organization shared similar concerns regarding the current industrial infrastructure of the region. This contact also identified lack of high-speed internet connections, natural gas lines, and in some instances, access to fresh water as contributing factors restraining small business loan demand. Although there may be limited demand for new businesses to move into the region, this contact highlighted revitalized growth in farm-to-table agriculture and fresh water aquaculture as particularly beneficial to the economic development of the Northern Neck. Additionally, the contact mentioned an increase in domestic tourism of historical sites in the region. The economic development contact stated that since 2015, the organization has extended 22 loans to small businesses in the area; however the significant majority of such loans were less than \$50,000 each. Although the demand for traditional small business lending is hindered by a lack of supportive infrastructure, this contact believes local financial institutions are currently servicing the credit needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

During 2015, PCB reported \$6.5 million in residential mortgage loan originations and \$1.4 million in small business loan originations within this assessment area. Accordingly, the bank's HMDA lending performance is given greater weight than its small business lending performance when determining overall lending performance for this assessment area.

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

Overall, the bank's HMDA and small business lending revealed excellent penetration among individuals of different income levels and businesses of different sizes.

Distribution of HMDA Loans by Income Level of Borrower

Westmoreland, VA NonMSA (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
HMDA Totals								
Low	1	2.9	16	0.3	54	3.8	4,831	1.6
Moderate	5	14.3	388	8.0	129	9.0	15,510	5.1
Middle	8	22.9	1,033	21.2	234	16.3	37,663	12.3
Upper	21	59.9	3,431	70.5	1,018	70.9	247,280	81.0
Total	35	100.0	4,868	100.0	1,435	100.0	305,284	100.0
Unknown	5		1,649		448		113,919	

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

The bank's HMDA borrower distribution in 2015 is considered excellent, primarily driven by its lending performance among moderate-income borrowers. PCB's lending to low-income borrowers (2.9%) lagged the percentage of low-income families within the assessment area (10.2%) and the aggregate level of lending (3.8%) to such borrowers. On the other hand, the institution's lending to moderate-income borrowers (14.3%) exceeded the percentage of moderate-income families within the assessment area (10.5%) and the aggregate level of lending (9%) to such borrowers. PCB's HMDA lending in 2014 is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Westmoreland, VA NonMSA (2015)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
\$1 Million or Less	5	71.4	341	25.3	310	54.5	11,158	51.8
Over \$1 Million	2	28.6	1,008	74.7	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	5	71.4	182	13.5	529	93.0	7,276	33.8
\$100,001-\$250,000	1	14.3	168	12.4	19	3.3	3,377	15.7
\$250,001-\$1 Million	1	14.3	1,000	74.1	21	3.7	10,905	50.5
Total	7	100.0	1,350	100.0	569	100.0	21,558	100.0

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

PCB's lending distribution to local businesses with annual revenues of \$1 million or less is considered excellent. D&B data from 2015 indicates 94.8% of all businesses in the assessment area generate annual revenues of \$1 million or less. Aggregate small business lending data reported 54.5% of loans were made to local businesses with such revenues. The remaining portion of aggregate local business lending was made to businesses either with annual revenues over \$1 million or to businesses with unknown annual revenues. As part of performance context, aggregate lending data excluding certain specialty lenders was considered. After excluding these specialty lenders, aggregate small business lending by traditional lenders to businesses with revenues of \$1 million or less was 53.5%, while PCB's lending to similar businesses was 71.4%.

Geographic Distribution of Loans

Overall, the institution's geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This assessment area does not contain any low- or moderate-income census tracts, and there are one middle- and ten upper-income census tracts within the area. Consequently, the distribution of PCB's lending in middle- and upper-income census tracts was considered. The bank's geographic distribution of both HMDA and small business loans was considered reasonable.

Distribution of HMDA Loans by Income Level of Census Tract

Westmoreland, VA NonMSA (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(5) Home Purchase				(936)			
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	70	7.5	11,821	5.5
Upper	5	100.0	827	100.0	866	92.5	203,872	94.5
	(32) Refinance				(838)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	3	9.4	712	13.5	56	6.7	9,111	4.8
Upper	29	90.6	4,572	86.5	782	93.3	180,625	95.2
	(3) Home Improvement				(107)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	33.3	80	19.7	10	9.3	406	4.8
Upper	2	66.7	326	80.3	97	90.7	8,041	95.2
	(0) Multi-Family				(1)			
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	1	100.0	5,125	100.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	4	10.0	792	12.2	136	7.2	21,338	5.1
Upper	36	90.0	5,725	87.8	1,746	92.8	397,663	94.9
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	40	100.0	6,517	100.0	1,882	100.0	419,001	100.0

NA*-Tracts without household or family income as applicable

As depicted in the table above, a significant majority of the institution's HMDA lending in 2015 was concentrated in refinance mortgage loans. Aggregate HMDA lending during the same period was concentrated in home purchase loans followed closely by refinance mortgage loans. Due to the lack of multi-family lending by the bank and the nominal volume reported by aggregate lenders, this loan category was not considered for this analysis.

In 2015, PCB originated 10% of its mortgage loans to residents of the middle-income census tract. This level of lending exceeds both the percentage of owner-occupied housing units located in this census tract (6.7%) as well as the aggregate level of lending in this tract (7.2%). PCB's HMDA geographic distribution is considered reasonable in 2015. On the other hand, PCB did not originate HMDA loans in the middle-income census tract during 2014, and this level of lending is considered poor.

PCB's HMDA geographic distribution in 2015 was given greater weight when determining the overall HMDA performance as the bank originated a greater dollar volume of loans in 2015. As a result, the bank's geographic distribution is considered reasonable.

Distribution of Small Business Loans by Income Level of Census Tract

Westmoreland, VA NonMSA (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	%\$	#	%	\$(000s)	%\$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	14.3	65	4.8	32	5.8	1,369	6.5
Upper	6	85.7	1,285	95.2	523	94.2	19,855	93.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	7	100.0	1,350	100.0	555	100.0	21,224	100.0

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

In 2015, PCB originated 14.3% of small business loans in the middle income census tract. The bank's small business lending in this tract exceeds both the percentage of businesses located in this tract (4.9%) as well as the aggregate lending to small businesses located in this census tract (5.8%). When considering the performance level in conjunction with the small number of small business loans in the assessment area, PCB's small business geographic distribution is considered reasonable.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WASHINGTON-ARLINGTON-ALEXANDRIA, VA ASSESSMENT AREA

The Washington-Arlington-Alexandria, VA assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of the markets, including selected demographic data, is included in **APPENDIX A** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution's overall rating, is included in the following table. As depicted in the table below, the bank's performance in the assessment area is consistent with the institution's overall rating.

Assessment Area	Lending Test
Washington-Arlington-Alexandria, VA	Consistent

CRA APPENDIX A
LIMITED REVIEW TABLES

Washington-Arlington-Alexandria, VA

The bank operates one branch in this assessment area, which incorporates all census tracts contained in the counties of Spotsylvania, Stafford, and the City of Fredericksburg. This assessment area is a portion of the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. There are three low-income census tracts and 15 moderate-income census tracts included in the delineation of this assessment area.

Performance Test Data for Washington-Arlington-Alexandria, VA

The bank's lending performance is consistent with the performance reflected in the Westmoreland, VA NonMSA rating.

Limited Review Lending Table

Washington-Arlington-Alexandria, VA (2014)									
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic	
	#	%	%	%	#	%	%	%	
	Home Purchase				Home Improvement				
<i>Geographic</i>	(9)				(0)				
Low	0	0.0	2.5	1.6	0	0.0	3.2	1.6	
Moderate	3	33.3	11.8	23.3	0	0.0	10.4	23.3	
Middle	6	66.7	66.6	64.8	0	0.0	65.2	64.8	
Upper	0	0.0	19.1	10.3	0	0.0	21.2	10.3	
	Refinance				Multi-Family				
<i>Geographic</i>	(3)				(0)				
Low	0	0.0	3.0	1.6	0	0.0	28.6	1.6	
Moderate	0	0.0	10.4	23.3	0	0.0	14.2	23.3	
Middle	3	100.0	70.1	64.8	0	0.0	28.6	64.8	
Upper	0	0.0	16.5	10.3	0	0.0	28.6	10.3	
	HMDA Totals				Consumer				
<i>Geographic</i>	(12)				(NA)				
Low	0	0.0	2.8	1.6	NA	NA	NA	NA	
Moderate	3	25.0	11.2	23.3	NA	NA	NA	NA	
Middle	9	75.0	67.8	64.8	NA	NA	NA	NA	
Upper	0	0.0	18.2	10.3	NA	NA	NA	NA	
<i>Borrower</i>	(7)				(NA)				
Low	1	14.3	10.8	22.1	NA	NA	NA	NA	
Moderate	1	14.3	24.9	21.1	NA	NA	NA	NA	
Middle	1	14.3	32.9	23.8	NA	NA	NA	NA	
Upper	4	57.1	31.4	33.0	NA	NA	NA	NA	
	Small Business				Small Farm				
<i>Geographic</i>	(NA)				(NA)				
Low	NA	NA	NA	NA	NA	NA	NA	NA	
Moderate	NA	NA	NA	NA	NA	NA	NA	NA	
Middle	NA	NA	NA	NA	NA	NA	NA	NA	
Upper	NA	NA	NA	NA	NA	NA	NA	NA	
<i>Revenue</i>									
Busn/ Farms with revenues <=\$1 M	NA	NA	NA	NA	NA	NA	NA	NA	

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known
Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known
NA represents no activity in the income category

PCB's HMDA borrower distribution was considered reasonable, while its geographic distribution was considered excellent. Small business geographic and borrower distribution were considered poor as the bank did not originate any such loans in the assessment area.

CRA APPENDIX B

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2016, while the loan volume includes all HMDA and small business loans considered in the evaluation.

Assessment Area	Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Westmoreland, VA NonMSA	82	71.3%	\$13,129	59.6%	4	80%	\$114,899	79.6%
Washington-Arlington-Alexandria, VA	33	28.7%	\$8,910	40.4%	1	20%	\$29,395	79.6%
TOTAL	115	100%	\$22,039	100%	5	100%	\$144,294	100%

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.

Loans, investments, and services that-

- (i) Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- (ii) Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- (iii) Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

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.