

**PUBLIC DISCLOSURE**

September 11, 2017

**COMMUNITY REINVESTMENT ACT  
PERFORMANCE EVALUATION**

The Bank of Romney

722432

95 East Main Street

Romney, West Virginia 26757

**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 **Outstanding**.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable in relation to bank capacity and demand for credit in the local assessment areas.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and sample of motor vehicle loans were originated within the bank's assessment areas.
- The bank's borrower distribution performance for HMDA lending is reasonable, while its consumer motor vehicle performance is excellent. Overall, the bank's borrower distribution performance is considered reasonable.
- The geographic distribution performances for both HMDA and consumer motor vehicle lending are considered reasonable.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.
- The bank maintains a qualified community development investment, which enhances credit availability in areas throughout the City of Romney. Furthermore, the bank provides community development services benefitting its assessment areas.

## **SCOPE OF EXAMINATION**

The Bank of Romney (BOR) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). BOR is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, BOR's 2015 and 2016 HMDA loan originations were considered in the evaluation. In addition, consumer motor vehicle lending was identified as a primary product line and was also considered in the evaluation. The analysis includes a sample of 132 consumer motor vehicle loans, selected from a universe of 355 such loans, totaling \$4.2 million extended by the institution during calendar year 2016.

Full-scope evaluation procedures were applied to the Hampshire County, WV assessment area, as the bank's operations primarily serve this market based on loan and deposit volumes. The Morgan County, WV nonmetropolitan (NonMSA) assessment area was subject to the limited review procedures as defined by the FFIEC. For this assessment area, a determination was made as to whether performance was consistent with the assigned overall conclusion. Appendix A includes information about the bank's performance in the limited scope assessment area.

**DESCRIPTION OF INSTITUTION**

BOR is headquartered in Romney, West Virginia, and operates six full-service branches within rural Hampshire County and Morgan County, West Virginia. The bank is a wholly-owned subsidiary of Romney Bancshares, Inc. a single-bank holding company also headquartered in Romney, West Virginia. This evaluation reflects only the performance of BOR and does not consider or include the activities of any other related entities. The institution's previous CRA rating dated July 23, 2012, was Outstanding. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment areas.

As of June 30, 2017, the bank held total assets of \$274.9 million, of which 67.2 % were net loans and 22.2% were securities. As of the same time period, deposits totaled \$204 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 June 30, 2017, is represented in the following table.

**Composition of Loan Portfolio**

Loan Type	6/30/2017	
	\$(000s)	%
Secured by 1-4 Family dwellings	122,030	65.4
Multifamily	2,929	1.6
Construction and Development	8,298	4.4
Commercial & Industrial/ NonFarm NonResidential	27,433	14.7
Consumer Loans and Credit Cards	20,857	11.2
Agricultural Loans/ Farmland	3,424	1.8
All Other	1,647	0.9
<b>Total</b>	<b>186,618</b>	<b>100.0</b>

As indicated in the preceding table, the bank's existing loan portfolio is primarily 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.

Based on branch locations and lending patterns, the bank delineated two assessment areas in West Virginia. No branches have been opened or closed since the prior evaluation, and the following table details the composition of each area.

Assessment Area Delineations		
Assessment Area	City/County	Census Tracts Included
Hampshire County, WV*	Hampshire County	All
Morgan County, WV	Morgan County	9709.00

\*The assessment area is located in a portion of a Metropolitan Statistical Area (MSA).

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

To evaluate the bank's lending performance, HMDA and consumer motor vehicle lending activity were analyzed. Area demographic and market aggregate data are used as proxies for demand 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 every five years.

Aggregate HMDA lending data is also used as a proxy for demand in the evaluation. The aggregate data includes all activity reported by lenders that originated or purchased such loans within the bank's assessment areas. While HMDA data from calendar years 2015 and 2016 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2015 are presented in the assessment area analysis tables. In instances where the 2016 HMDA performance varies significantly from the performance noted during 2015, such variance and the corresponding impact on the overall performance are discussed. Aggregate HMDA lending data from 2016 cannot be considered in this evaluation as the data was not available at the time of our analysis.

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

During the evaluation period, BOR also originated a \$2.2 million loan that helped to purchase or refinance 14 multi-family housing units. The apartment complexes provide affordable housing through the U.S. Department of Housing and Urban Development's Section 8 Rental Certificate housing program. While the loan benefits the statewide area, limited opportunities exist within the bank's assessment area. Aggregate information discussed later in this evaluation reinforces the lack of demand for multi-family housing within the bank's assessment area. This loan promotes community development and demonstrates BOR's responsiveness to credit needs within the larger statewide area. While this loan provides performance context, it was not a determining factor in the bank's overall CRA rating, in accordance with the FFIEC's interagency small bank procedures.

Overall, the bank's lending test performance is rated Outstanding. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. In addition, the bank's community development investments and services were considered in the bank's overall 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 loan-to-deposit ratio equals 90.6% and averaged 86.3% for the 21-quarter period ending June 30, 2017. In comparison, the quarterly average loan-to-deposit ratios for five similarly situated institutions that operate in BOR's assessment area ranged from 71% to 89.5% during the same 21-quarter period. The five institutions selected offer similar loan programs, operate full-service branch offices within the assessment areas, and include both small and intermediate small institutions. BOR's loan-to-deposit ratio was at the upper end of the peer range, despite being one of the smaller institutions, in terms of asset size, within the peer group. Since March 31, 2012, bank assets, loans, and deposits have increased by 9.5%, 7.9%, and 1.5% respectively. The bank's loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, and local credit needs.

## **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 2015 and 2016 and a sample of consumer motor vehicle loans originated in 2016 was considered.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	113	74.8	11,393	74.2	38	25.2	3,970	25.8
Home Improvement	61	84.7	5,406	86.2	11	15.3	863	13.8
Refinancing	139	84.2	15,308	81.1	26	15.8	3,575	18.9
Multi-Family Housing	0	0.0	0	0.0	1	100.0	153	100.0
<b>Total HMDA related</b>	<b>313</b>	<b>80.5</b>	<b>32,107</b>	<b>78.9</b>	<b>76</b>	<b>19.5</b>	<b>8,561</b>	<b>21.1</b>
Consumer Motor Vehicle Secured Loans*	116	87.9	1,428	87.4	16	12.1	205	12.6
<b>TOTAL LOANS</b>	<b>429</b>	<b>82.3</b>	<b>33,535</b>	<b>79.3</b>	<b>92</b>	<b>17.7</b>	<b>8,766</b>	<b>20.7</b>

\*The number and dollar amount of loans reflects a sample of such loans originated during the 2016 calendar year and does not reflect loan data collected or reported by the institution.

As indicated in the preceding table, a substantial majority of the bank's residential mortgage loans and a substantial majority of a sample of the bank's consumer motor vehicle loans were extended to residents in the bank's assessment areas. Overall, the institution's level of lending within its assessment areas is considered highly responsive to community credit needs.

## **Investments and Services**

While Hampshire County is located within the Winchester, VA-WV Metropolitan Statistical Area (MSA), the county is a predominately rural community with limited community development opportunities. Similarly, Morgan County is also rural and offers limited community development opportunities. However, the bank provides community development services in both of its assessment areas. A bank employee serves as a board member for the Mountaineer Community Health Center, which supports low- and moderate-income residents in both of the bank's assessment areas by offering sliding fee discounts for services based on income. In addition, the bank holds an investment and provides additional community development services within the Hampshire County, WV assessment area. These activities are discussed in greater detail within the Hampshire County, WV assessment area analysis section of the evaluation.

## **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.

A review of the bank's assessment areas during the evaluation found that its delineations complied with the requirements of Regulation BB. To the extent that the bank delineated less than a whole MSA or other political subdivision within an assessment area, the delineated areas 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.

## METROPOLITAN AREAS

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE HAMPSHIRE COUNTY, WV ASSESSMENT AREA

The Hampshire County, West Virginia assessment area operates five full-service branches and includes all of Hampshire County, which is part of the Winchester, VA-WV MSA. According to 2010 ACS data, the assessment area has a population of 23,964 and a median housing value of \$134,079. The owner-occupancy rate for the market (49.4%) is lower than both the entire MSA's percentage and the state's percentage (61.6% and 62.9%, respectively). Within the assessment area, 11% of families are considered below the poverty level, which exceeds the level in the MSA (7.3%), but is lower than that of West Virginia (12.8%). The 2015 and 2016 HUD estimated median family incomes for the Winchester, VA-WV MSA equaled \$75,900 and \$73,800, respectively. The following table includes pertinent demographic data for the assessment area.

### Assessment Area Demographics

Hampshire County, 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	1,949	33.6
Moderate	4	80.0	4,555	78.5	603	13.2	1,268	21.8
Middle	1	20.0	1,249	21.5	35	2.8	1,383	23.8
Upper	0	0.0	0	0.0	0	0.0	1,204	20.8
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>5</b>	<b>100.0</b>	<b>5,804</b>	<b>100.0</b>	<b>638</b>	<b>11.0</b>	<b>5,804</b>	<b>100.0</b>
	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	3,997	41.0
Moderate	5,194	78.8	7,666	78.6	1,475	19.2	1,872	19.2
Middle	1,400	21.2	2,089	21.4	244	11.7	1,733	17.8
Upper	0	0.0	0	0.0	0	0.0	2,153	22.0
NA	0	0.0	0	0.0	0	0.0		
<b>Total</b>	<b>6,594</b>	<b>100.0</b>	<b>9,755</b>	<b>100.0</b>	<b>1,719</b>	<b>17.6</b>	<b>9,755</b>	<b>100.0</b>
	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	442	84.8	395	84.2	32	88.9	15	93.8
Middle	79	15.2	74	15.8	4	11.1	1	6.2
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
<b>Total</b>	<b>521</b>	<b>100.0</b>	<b>469</b>	<b>100.0</b>	<b>36</b>	<b>100.0</b>	<b>16</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>90.0</b>		<b>6.9</b>		<b>3.1</b>

\*NA-Tracts without household or family income as applicable

The local economy is supported by a variety of industries including education, health services, as well as local and state government. Major area employers include Hampshire County Board of Education, West Virginia Schools for the Deaf and the Blind, Valley Health Systems, Inc., Potomac Comprehensive Diagnostic & Guidance Center, Hampshire County Committee on Aging, Inc., and the Hampshire County Commission. Current and recent periodic unemployment rates are included in the following table.

Unemployment Rate Trend					
Geographic Area	Sept 2013	Sept 2014	Sept 2015	Sept 2016	May 2017
Hampshire County	6.1%	5.5%	4.6%	3.7%	3%
Winchester, VA-WV MSA0.	5.4%	4.7%	3.9%	3.7%	3.3%
West Virginia	6%	5.9%	5.9%	5.4%	4.1%

As indicated in the previous table, area unemployment rates decreased since 2013. The declining trends are indicative of an improving economy. Overall, unemployment rates within the assessment area are generally lower than the rates within the state of West Virginia.

A community development official was contacted to discuss the local economic conditions and credit needs of the community. The contact stated that currently no funding comes from local banks; however, the organization has opportunities for local banks to assist the community. The organization offers various programs such as financial literacy programs, housing programs, and an employment stabilization program. Though the area's economy remains depressed, the contact asserted that area financial institutions are adequately meeting local credit needs.

### **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:**

During 2016 within this assessment area, BOR originated \$15.4 million in residential mortgage loans and \$1.4 million in consumer motor vehicle loans. Accordingly, the bank's HMDA lending performance is given more weight than the consumer motor vehicle performance when determining the overall borrower and geographic distribution analysis conclusions.

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

BOR's borrower distribution performance is reasonable for residential mortgage and excellent for consumer motor vehicle lending. The bank's overall performance is considered reasonable and reflects the greater weight placed on the bank's residential mortgage lending performance because of the larger dollar volume of such lending within the assessment area.



**Distribution of HMDA Loans by Income Level of Borrower**

Hampshire County, WV (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
<b>HMDA Totals</b>								
Low	43	30.1	2,900	18.9	118	22.5	9,949	14.6
Moderate	45	31.5	4,091	26.7	161	30.7	18,871	27.6
Middle	32	22.4	3,737	24.4	121	23.0	16,600	24.3
Upper	23	16.0	4,598	30.0	125	23.8	22,947	33.5
<b>Total</b>	<b>143</b>	<b>100.0</b>	<b>15,326</b>	<b>100.0</b>	<b>525</b>	<b>100.0</b>	<b>68,367</b>	<b>100.0</b>
Unknown	4		785		97		15,620	

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

Within the assessment area, 33.6% of families are considered low-income, while 21.8% of families are moderate-income. When considering its overall HMDA lending performance, BOR's lending to low-income borrowers (30.1%) exceeded the aggregate level of lending to such borrowers (22.5%) and was consistent with the percentage of area low-income families. The bank's level of lending to moderate-income borrowers (31.5%) was higher than the percentage of area moderate-income families and consistent with the aggregate level of lending (30.7%). The bank's overall performance during 2015 is considered reasonable and is driven by its lending performance to moderate-income borrowers. BOR's performance during 2016 is similar and also considered reasonable.

**Distribution of Consumer Loans by Income Level of Borrower**

Hampshire County, WV (2016)				
Income Categories	Consumer Motor Vehicle Secured Loans			
	#	%	\$(000s)	% \$
Low	51	45.5	430	30.8
Moderate	37	33.0	530	37.9
Middle	19	17.0	331	23.7
Upper	5	4.5	106	7.6
<b>Total</b>	<b>112</b>	<b>100.0</b>	<b>1,398</b>	<b>100.0</b>
Unknown	0		0	

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

The bank's level of consumer motor vehicle lending to low-income borrowers (45.5%) was consistent with the percentage of low-income households (41%) in the assessment area. However, the bank's lending to moderate-income borrowers (33%) exceeded the percentage of moderate-income households (19.2%) in the assessment area. Consideration of the strength of the bank's lending to moderate-income borrowers was given more weight in the overall lending performance for consumer motor vehicle loans and is considered excellent.

**Geographic Distribution of Loans**

Within the assessment area, there are no low-income tracts and four moderate-income tracts. BOR's residential mortgage and consumer motor vehicle geographic distribution performances are considered reasonable overall.

**Distribution of HMDA Loans by Income Level of Census Tract**

<b>Hampshire County, WV (2015)</b>								
<b>Income Categories</b>	<b>Bank</b>				<b>Aggregate</b>			
	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>	<b>#</b>	<b>%</b>	<b>\$(000s)</b>	<b>% \$</b>
	<b>(49) Home Purchase</b>				<b>(317)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	37	75.5	3,701	74.6	227	71.6	29,869	69.3
Middle	12	24.5	1,257	25.4	90	28.4	13,237	30.7
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>(77) Refinance</b>				<b>(249)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	59	76.6	7,297	77.7	187	75.1	27,951	77.3
Middle	18	23.4	2,094	22.3	62	24.9	8,185	22.7
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>(21) Home Improvement</b>				<b>(54)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	16	76.2	1,455	82.6	39	72.2	3,237	72.8
Middle	5	23.8	307	17.4	15	27.8	1,210	27.2
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>(0) Multi-Family</b>				<b>(1)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	100.0	155	100.0
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>HMDA Totals</b>							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	112	76.2	12,453	77.3	454	73.1	61,212	73.0
Middle	35	23.8	3,658	22.7	167	26.9	22,632	27.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
NA*	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total</b>	<b>147</b>	<b>100.0</b>	<b>16,111</b>	<b>100.0</b>	<b>621</b>	<b>100.0</b>	<b>83,844</b>	<b>100.0</b>

NA\*-Tracts without household or family income as applicable

During 2015, home refinance lending was the largest HMDA loan category by volume for the bank, while home purchase loans were the largest for aggregate lenders. Due to the lack of multi-family lending by the bank and the nominal volume reported by the aggregate lenders, this loan category was not a factor in the analysis. Considering both demographic and aggregate proxies for demand, the bank's performance in moderate-income tracts for home purchase, refinance, and home improvement lending is reasonable.

Overall, BOR's level of lending within moderate-income census tracts (76.2%) was consistent with the aggregate lending level (73.1%) and the proportion of owner-occupied housing units located in such areas (78.8%). As a result, BOR's performance during 2015 is considered reasonable, and the 2016 lending performance is substantially similar.

**Distribution of Consumer Loans by Income Level of Census Tract**

Hampshire County, WV (2016)				
Income Categories	Consumer Motor Vehicle Secured Loans			
	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA
Moderate	81	72.3	979	70.0
Middle	31	27.7	419	30.0
Upper	NA	NA	NA	NA
NA *	NA	NA	NA	NA
<b>Total</b>	<b>112</b>	<b>100.0</b>	<b>1,398</b>	<b>100.0</b>

*\*NA-Tracts without household or family income as applicable*

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

The bank's level of consumer motor vehicle lending in moderate-income tracts (72.3%) was consistent with the percentage of households within moderate-income tracts (78.6%) in the assessment area. Given the bank's level of lending in moderate-income census tracts, the bank's consumer motor vehicle lending performance is considered reasonable.

**Investments and Services**

While BOR is located in a rural community with limited community development opportunities, the bank provides additional community development investments and services in the Hampshire County, WV assessment area. As of the date of this evaluation, BOR held a City of Romney sewer refunding revenue bond totaling \$363,000. This investment supported community development within the assessment area.

BOR also assisted community development initiatives and organizations that benefit the assessment area by providing community development services. The bank and its employees provide financial expertise and education to the following organizations that provide community development services targeted to area low- and moderate-income residents and facilitate small business development.

- The Bank of Romney Financial Scholar Program partnership with Everfi – Three bank officers on three occasions provided financial education to students of two Hampshire County high schools to compliment online module learning.
- Life Skills Event at Romney Middle School - Six bank employees provided financial education to guide students in making life decisions. Each student received an "adult life" and the bank employees provided financial expertise to guide students in their decisions.
- Hampshire County Community Foundation- A bank employee serves as a committee member.
- Hampshire County Development Authority- A bank officer serves as treasurer and provides financial expertise to small businesses.

**NONMETROPOLITAN STATEWIDE AREA**

*(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MORGAN COUNTY, WV ASSESSMENT AREA**

The Morgan County, WV 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 TESTS**

Facts and data reviewed for the 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. The conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating. In the case where the performance was considered below, the performance was at least adequate for the assessment area.

Assessment Area	Lending Test
Morgan County, WV	Consistent

**CRA APPENDIX A  
LIMITED REVIEW TABLES**

**Morgan County, WV**

The bank operates one branch in this assessment area, which includes one census tract within Morgan County, West Virginia.

**Performance Test Data for Morgan County, WV Assessment Area**

The bank's lending is consistent with the performance reflected in the Hampshire County, West Virginia assessment area rating.

**Limited Review Lending Table**

<b>Morgan County, WV</b>								
<b>Income Categories</b>	<b>Bank</b>		<b>Aggregate</b>	<b>Demographic</b>	<b>Bank</b>		<b>Aggregate</b>	<b>Demographic</b>
	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>%</b>	<b>%</b>
	<b>Home Purchase (2015)</b>				<b>Home Improvement (2015)</b>			
<i>Geographic</i>	<b>(1)</b>				<b>(1)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	100.0	100.0	1	100.0	100.0	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>Refinance (2015)</b>				<b>Multi-Family (2015)</b>			
<i>Geographic</i>	<b>(2)</b>				<b>(0)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	100.0	100.0	100.0	0	0.0	100.0	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	<b>HMDA Totals (2015)</b>				<b>Consumer Motor Vehicle Secured (2016)</b>			
<i>Geographic</i>	<b>(4)</b>				<b>(4)</b>			
Low	NA	NA	NA	NA	NA	NA	NA	0.0
Moderate	4	100.0	100.0	100.0	4	100.0	NA	100.0
Middle	NA	NA	NA	NA	NA	NA	NA	0.0
Upper	NA	NA	NA	NA	NA	NA	NA	0.0
<i>Borrower</i>	<b>(3)</b>				<b>(4)</b>			
Low	1	33.3	4.8	29.9	2	50.0	NA	37.5
Moderate	1	33.3	20.6	26.8	0	0.0	NA	19.3
Middle	0	0.0	14.3	15.1	2	50.0	NA	15.8
Upper	1	33.3	NA	28.2	0	0.0	NA	27.4

*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*

Though based on limited lending volume, the borrower distribution for residential mortgage lending is considered excellent. Borrower distribution for consumer motor vehicle is considered reasonable. The bank's geographic distribution is not given consideration, as the institution operates in one census tract.

**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 consumer motor vehicle loans considered in the evaluation.

Assessment Area	Loan Volume				Full-Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Hampshire County, WV	415	96.7%	\$32,879	98%	5	83.3%	\$191,325	96.2%
Morgan County, WV	14	3.3%	\$656	2%	1	16.7%	\$7,635	3.8%
<b>TOTAL</b>	429	100%	\$33,535	100%	6	100%	\$198,960	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.