



## **PUBLIC DISCLOSURE**

August 22, 2022

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

The First National Bank of Peterstown  
Charter Number: 9721

220 Market Street  
Peterstown, West Virginia 24963

Office of the Comptroller of the Currency  
Roanoke Office  
4419 Pheasant Ridge Road, Suite 300  
Roanoke, Virginia 24014

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, and should not 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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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated **Satisfactory**.

The lending test is rated: **Satisfactory**

The major factors that support this rating include:

- The Lending Test rating for The First National Bank of Peterstown (FNBP or bank) is based on the combined ratings for the state of West Virginia and the state of Virginia. The rating for the state of West Virginia was given more weight as this state holds a greater percentage of deposits and loans for the evaluation period.
- The loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and credit needs in its assessment areas (AAs).
- A substantial majority of loans were originated or purchased inside the AAs.
- Distribution of loans to individuals of different income levels is reasonable.

### Loan-to-Deposit Ratio

Considering FNBP's size, financial condition, and credit needs of the AAs, the LTD ratio is reasonable.

The LTD ratio is calculated on a bank wide basis, covering the quarters as of March 31, 2018, through March 31, 2022. The average quarterly LTD ratio during these 17 consecutive quarters is 66.47 percent. This is slightly below the average quarterly LTD ratio of 68.13 percent for similar asset-sized institutions during the same period. The bank's average quarterly LTD ratio ranged from a low of 50.12 percent to a high of 76.41 percent. This is comparable to other institutions of similar asset size in West Virginia and Virginia. The LTD ratios of the similar asset-sized institutions ranged from an average quarterly low of 55.33 percent to a quarterly high of 83.83 percent.

This analysis considers that FNBP's lending volume and LTD ratio were impacted by the COVID-19 Pandemic. In 2020, the bank had an increase in deposit account balances as consumers received federal pandemic-related financial support. This, along with loan payoffs and decreased loan demand, resulted in a declining LTD ratio. A similar LTD ratio decline was observed in the similar asset-sized institutions during the evaluation period.

### Lending in Assessment Area

A substantial majority of loans are inside the AAs.

FNBP originated 85.7 percent of its total loans inside the AAs during the evaluation period. This analysis is performed at the bank, rather than the AA, level.

Loans inside the AAs are factored into the overall lending gap analysis of the geographic distribution of lending by income level of geography.

<b>Table D - Lending Inside and Outside of the Assessment Area</b>										
<b>Loan Category</b>	<b>Number of Loans</b>				<b>Total</b>	<b>Dollar Amount of Loans \$(000s)</b>				
	<b>Inside</b>		<b>Outside</b>			<b>Inside</b>		<b>Outside</b>		<b>Total</b>
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>	<b>\$(000s)</b>
Home Mortgage										
2019	34	77.3	10	22.7	44	3,870	74.0	1,357	26.0	5,227
2020	19	95.0	1	5.0	20	1,891	98.3	142	1.7	2,032
2021	19	95.0	1	5.0	20	2,061	98.3	35	1.7	2,096
<b>Subtotal</b>	<b>72</b>	<b>85.7</b>	<b>12</b>	<b>14.3</b>	<b>84</b>	<b>7,822</b>	<b>83.6</b>	<b>1,534</b>	<b>16.4</b>	<b>9,355</b>
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

## Description of Institution

FNBP is an independent, multi-state community bank, established in 1910, with its main office located in Peterstown, West Virginia. There is one additional branch located in Narrows, Virginia. There were no branches opened or closed and no mergers or acquisitions during the evaluation period. The bank is wholly owned by Peterstown Bancorp, headquartered in Peterstown, West Virginia and does not have any subsidiaries or affiliates.

Both bank offices are full service. The branch office has an on-site automated teller machine (ATM), and there is a stand-alone ATM adjacent to the main office. Both ATMs accept deposits. Business hours are traditional at the two locations, and they offer a variety of traditional deposit and loan products. Their online banking services allow customers to monitor account balances, transfer funds between accounts, and pay bills. Commercial lending is primarily to small businesses.

There are two state rating areas for this evaluation period which include the states of West Virginia and Virginia. The first AA in the state of West Virginia is Monroe County, West Virginia which is part of the Monroe County, West Virginia non-Metropolitan Statistical Area (Monroe County, WV non-MSA AA); The second AA in the state of Virginia is Giles County, which is part of the Blacksburg-Christiansburg, Virginia MSA (Blacksburg-Christiansburg, VA MSA).

FNBP reported total assets of \$85.7 million, and Tier One Capital of \$8.8 million, as of December 31, 2021. The loan portfolio totaled \$40.8 million and represents 47.6 percent of total assets. Home mortgage loans are the primary product. The composition of the total portfolio is outlined in the table below.

<b>Table 1: Distribution of the Loan Portfolio*</b>		
<b>TYPE OF LOAN</b>	<b>Balance Outstanding (\$000s)</b>	<b>% OF TOTAL LOANS</b>
1-4 Family Residential Real Estate	24,544	60.12
Non-Farm/Non-Residential Real Estate	7,861	19.26
Loans to Individuals	3,093	7.58
Commercial and Industrial	2,445	5.99
Loans secured by farmland/Ag Prod	1,502	3.68
Construction & Land Development	1,378	3.37
<b>TOTAL</b>	<b>40,823</b>	<b>100.00</b>

\*Source: Schedule RC-C Part 1 – Loans and Leases as reported in the Consolidated Report of Condition and Income as of December 31, 2021.

The bank was previously evaluated under the Community Reinvestment Act (CRA) on April 30, 2018, and received a “Satisfactory” rating. There are no legal, financial, or other factors impeding the bank’s ability to help meet the credit needs in its AAs during the evaluation period.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

This performance evaluation is an assessment of FNBP’s ability to meet the credit needs in its AAs. We evaluated the bank using Small Bank CRA evaluation procedures, which included a Lending Test. The Lending Test evaluates the record of meeting the credit needs of its AAs through its lending activities.

Lending performance was assessed based on the bank’s primary loan product, home mortgage loans, originated during the evaluation period of January 1, 2019, through December 31, 2021. Small business and small farm loans were not evaluated because the bank did not originate a sufficient volume of these loan types in the AAs. Multi-family loans were not included in the lending test as the bank did not originate any of these loan types during the evaluation period.

### **Selection of Areas for Full-Scope Review**

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. Refer to the “Scope” section under each State Rating for details regarding how full-scope AAs were selected. Refer to Appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

### **Ratings**

The overall rating is a blend of the state ratings of West Virginia and Virginia and is based primarily on AAs that received full-scope reviews. We placed more weight on the rating for the state of West Virginia because a larger majority of deposits and loans are located in West Virginia.

The state ratings are based on performance in all bank AAs. Refer to the “Scope” section under each state section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c) in determining a national banks or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by, or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of West Virginia

**CRA rating for the State of West Virginia<sup>1</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- Distribution of loans to individuals of different income levels is reasonable.

### Description of Institution's Operations in West Virginia

The bank's primary market is the Monroe County, WV non-MSA AA. This AA has the highest percentage of loans and deposits at 87.31 percent of the total deposits as of June 30, 2021, and 70.00 percent of total loans originated during the evaluation period.

The AA is comprised of middle-income census tracts (CTs) 9502 and 9503, located in Monroe County. CT 9502 is the middle section of Monroe County that includes the town of Union. CT 9503 is the southernmost part of the county and includes the town of Peterstown, where the main office is located.

Middle-income CT 9501 encompasses the northern part of Monroe County and is not included in the AA due to the natural boundary created by Peters Mountain, and overall distance (approximately 45 minutes) from Peterstown. All three CTs identified are middle-income nonmetropolitan underserved CTs due to the remote rural geography. There are no low-, moderate- or upper-income tracts within the AA. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income geographies.

A large majority of the population (85 percent) resides in the southern section of the county, which includes the communities of Union, Peterstown, Lindside, Red Sulpher Springs, and Ballard. The remaining 15 percent of the population lives in the northern section of the county, which is significantly more rural and includes the communities of Peters Mountain, and Moncove Lake State Park. Financial institutions in the northern portion of Monroe County and neighboring Greenbrier County serve the less populated northern section.

Competition in the AA is moderate and consists of three branches of FDIC-insured institutions of varying asset sizes. The Bank of Monroe is similarly situated in size and local ownership. According to the FDIC Deposit Market Share report as of June 30, 2021, FNBP ranked second of the three financial institutions in the AA, with 37.39 percent of deposits. The Bank of Monroe ranked first with 50.48 percent of deposits. First Community Bank ranked third with 12.14 percent of deposits.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, and national mortgage lenders. Based on the 2021 Peer Mortgage

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<sup>1</sup> This rating reflects performance within the state.

Data, there are 50 lending institutions within the AA competing for mortgage applications. The top five institutions with a combined market share of 40.84 percent, are Rocket Mortgage, First Community Bank, Vanderbilt Mortgage and Finance, Alcova Mortgage, LLC, and Truist Bank.

According to the Bureau of Labor Statistics (BLS), Monroe County's average unemployment rate for 2021 was lower than the state and national levels. As of December 31, 2021, the average unemployment rate for Monroe County was 3.7 percent, compared to the state of West Virginia at 5.1 percent, and the national unemployment rate at 5.4 percent. However, during 2020, the monthly unemployment rates in the AA were higher than historical averages due to the COVID-19 Pandemic, which resulted in nationwide shutdown of businesses for a period of time.

The top industries for the AA were government, trade, transportation and utilities, and education and health services. Mining and manufacturing play a far less important role to the local economy. The top three employers in Monroe County during the evaluation period were Monroe County Board of Education, Goodrich Corporation, and the Federal Prison System.

The 2015 American Community Survey (ACS) U.S. Census data reported single family homes make up most of the housing stock in Monroe County, as 77.84 percent of the homes are one-unit, detached dwellings. Mobile homes account for 21.20 percent of the housing units, and less than one percent are multi-family units. The median housing value in the AA is \$102,438, and the median gross rent is \$584 per month.

The weighted average median family income was \$48,107 for the AA, which means the maximum income for low-income families (defined as less than 50 percent of the area median family income) is \$24,054; and for moderate-income families (defined as greater than 50 percent and less than 80 percent of the area median family income) is \$38,485. Hence, the cost of housing is approximately 4 times low-income family earnings, and approximately 2.5 times moderate-income family earnings. Therefore, low- and moderate-income borrowers may have difficulty qualifying for home mortgages. Additionally, approximately 15 percent of the households in the AA are below the poverty level.

## **Community Contact**

As part of our evaluation, we conducted a community contact to determine credit and community development needs in the AA. We interviewed a representative of an economic development corporation focused on business retention, growth of existing businesses, and new business attraction as well as support of entrepreneurs. The biggest challenges in the area are workforce development and affordable housing. Affordable housing is a challenge as there is a huge shortage of workforce housing. The contact stated that the local banking institutions demonstrate involvement in the rural community through local events. However, the banks do not always provide loans, investments or grants for homeowners or businesses. The contact said that some community banks in the area need to offer online banking systems to customers as most individuals use these delivery channels more since the pandemic.



## Monroe County WV non-MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Monroe County, WV non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	3	0.0	0.0	100.0	0.0	0.0
Population by Geography	13,525	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	7,560	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	4,700	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,122	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,738	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	600	0.0	0.0	100.0	0.0	0.0
Farms by Geography	89	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,124	22.4	19.5	21.9	36.2	0.0
Household Distribution by Income Level	5,822	20.3	21.2	19.1	39.4	0.0
Median Family Income – Monroe County WV Non-MSA		\$48,107	Median Housing Value			\$102,438
			Median Gross Rent			\$584
			Families Below Poverty Level			15.0%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

## Scope of Evaluation in West Virginia

We performed a full-scope review of the Monroe County, WV non-MSA AA. We placed equal weight on performance in each year of the evaluation period to reach our conclusions.

## Lending Test

Performance under the Lending Test in West Virginia is satisfactory.

## Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, performance in the Monroe County, WV non-MSA AA is reasonable.

## Distribution of Loans by Income Level of the Geography

An analysis of the distribution of loans by income level of geography is not meaningful because there are no low-, or moderate-income geographies in the AA.

## **Distribution of Loans by Income Level of the Borrower**

Distribution of loans to individuals of different income levels is reasonable.

### **Home Mortgage Loans**

Refer to Table P in the state of West Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage loan originations and purchases.

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank. To reach this conclusion, we weighted low- and moderate-income (LMI) borrowers equally.

The distribution of lending to low-income borrowers was below the percentage of low-income families but exceeds aggregate lending levels in this category. Lending to moderate-income borrowers was below the percentage of moderate-income families and below the aggregate lending levels to moderate-income families.

Our conclusion that the distribution of lending is reasonable is supported by bank lending that exceeds aggregate lending levels to low-income borrowers as well as the affordability of housing for low- and moderate-income borrowers in the AA. As detailed in the description of the institution section above, demographic constraints may limit the ability of low- and moderate-income borrowers to afford mortgages in the AA.

### **Lending Gap Analysis**

The OCC evaluated the lending distribution in the Monroe County, WV non-MSA AA to determine if any unexplained, conspicuous gaps existed. We reviewed summary reports, maps, and analyzed FNBP's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained, conspicuous gaps.

### **Responses to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period.

## State Rating

### State of Virginia

**CRA rating for the State of Virginia<sup>2</sup>:** Satisfactory

**The Lending Test is rated:** Satisfactory

The major factors that support this rating include:

- Distribution of loans to individuals of different income levels is reasonable.

### Description of Institution's Operations in Virginia

FNBP's AA in the state of Virginia is comprised of middle-income CTs 9303 and 9304, located in Giles County, VA. This county is part of the Blacksburg-Christiansburg, VA MSA. The bank delineated these middle-income CTs as its AA because the branch office is located in CT 9303, and the adjacent CT 9304 is in close proximity. CTs 9301 and 9302 are also middle income but are not included in the AA due to geographic location, commuting patterns and competition. The bank's strongest competitor, The National Bank of Blacksburg, has a full-service branch located in the town of Pembroke, Virginia, which is centrally located in CT 9302. Residents of CT 9301 would have to travel through Pembroke to reach the FNBP's Narrows location, 16 miles from the center of 9301. Additionally, commuting patterns indicate more than 68 percent of the employed residents work outside the boundaries of Giles County, with the majority traveling to neighboring Montgomery County. This demographic would, therefore, obtain services from other financial institutions with hours of operation coinciding with work and bank hours in the neighboring county. There are no low-, moderate-, or upper-income tracts within the AA. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income geographies.

The AA has one full-service branch with a deposit-taking ATM. This AA holds 12.69 percent of the total deposits as of June 30, 2021; and 30 percent of total loans originated during the evaluation period. Refer to Appendix A for a listing of all bank AAs.

According to the FDIC Deposit Market Share Report as of June 30, 2021, FNBP ranked fifth out of six institutions in the AA with 2.50 percent of deposits. Rankings of the other five institutions in the AA with respective deposit market shares were: The National Bank of Blacksburg in first with 32.98 percent, Celco Community in second with 28.97 percent, Truist Bank in third with 22.24 percent, Atlantic Union Bank in fourth with 13.03 percent, and G E A Employees in sixth with 0.28 percent.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, and national mortgage lenders. Based on the 2021 Peer Mortgage Data, there are 69 lending institutions within the AA competing for mortgage applications. The top five institutions in the AA with a combined market share of 33.23 percent are Truist Bank, Rocket Mortgage, Embrace Home Loans, Inc., Pennymac Loan Services LLC, and Atlantic Bay Mortgage Group.

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<sup>2</sup> This rating reflects performance within the state.

According to the Bureau of Labor Statistics, Giles County's average unemployment rate for 2021 was lower than the state and national levels. As of December 31, 2021, the average unemployment rate for Giles County was 3.5 percent. This compares to the state of Virginia at 3.9 percent, and the national unemployment rate at 5.4 percent. However, the monthly unemployment rates in the AA were at higher than historical averages during 2020 due to the COVID-19 Pandemic, which resulted in nationwide shutdown of businesses for a period of time.

The top industries for the AA were government, manufacturing, retail trade, healthcare, and social assistance. The top three employers in Giles County during the evaluation period were Celanese Acetate LLC, Giles Memorial Hospital, Inc., and Giles County Public Schools.

The 2015 ACS U.S. Census data reported single family homes make up most of the housing stock in Giles County, as 81.31 percent of the homes are one-unit, detached dwellings. Mobile homes account for 15.30 percent of the housing units, and 3.39 percent are multi-family units. The median housing value in the AA is \$109,677, and the median gross rent is \$597 per month.

When assessing performance, examiners considered the affordability of housing for low- and moderate-income borrowers in the AA due to demographic constraints. As noted above, the median housing value was \$109,677. The weighted average median family income was \$60,971 for the AA, the maximum income for low-income families was \$30,485; and the maximum for moderate-income families was \$48,776. As a result, the cost of housing is approximately 3.5 times low-income family earnings, and approximately 2.5 times moderate-income family earnings. Therefore, low- and moderate-income borrowers may have difficulty qualifying for home mortgages.

## **Community Contact**

As part of our evaluation, we conducted a community contact to determine credit and community development needs in the AA. We interviewed a representative of a government agency who focuses on technical assistance, economic development, housing, transportation, and land use planning in four counties in southwest Virginia, including the bank's AA. The contact stated that the biggest challenge in the agency's area of focus is affordable housing. Local banking institutions in the area demonstrate a good degree of involvement in community development activities. The locally based banks are very responsive to the limited credit needs and bank board members serve on additional community agency boards looking for ways to provide financial assistance to the AA.

**Blacksburg-Christiansburg, VA MSA AA (Giles County)**

<b>Table A – Demographic Information of the Assessment Area</b>						
<b>Assessment Area: Blacksburg-Christiansburg, VA MSA AA (Giles County)</b>						
<b>Demographic Characteristics</b>	<b>#</b>	<b>Low % of #</b>	<b>Moderate % of #</b>	<b>Middle % of #</b>	<b>Upper % of #</b>	<b>NA* % of #</b>
Geographies (Census Tracts)	4	0.0	0.0	100.0	0.0	0.0
Population by Geography	16,907	0.0	0.0	100.0	0.0	0.0
Housing Units by Geography	8,327	0.0	0.0	100.0	0.0	0.0
Owner-Occupied Units by Geography	5,499	0.0	0.0	100.0	0.0	0.0
Occupied Rental Units by Geography	1,731	0.0	0.0	100.0	0.0	0.0
Vacant Units by Geography	1,097	0.0	0.0	100.0	0.0	0.0
Businesses by Geography	1,048	0.0	0.0	100.0	0.0	0.0
Farms by Geography	59	0.0	0.0	100.0	0.0	0.0
Family Distribution by Income Level	4,853	18.2	22.3	26.0	33.5	0.0
Household Distribution by Income Level	7,230	22.6	15.0	23.2	39.2	0.0
Median Family Income MSA - 13980 Blacksburg-Christiansburg, VA MSA		\$60,971	Value Median Housing			\$109,677
			Median Gross Rent			\$597
			Families Below Poverty Level			7.5%
<i>Source: 2015 ACS and 2021 D&amp;B Data</i>						
<i>Due to rounding, totals may not equal 100.0%</i>						
<i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

**Scope of Evaluation in Virginia**

We performed a full-scope review of performance in Giles County, Virginia, which is part of the Blacksburg-Christiansburg, VA MSA. We placed more weight on lending to moderate-income borrowers to reach our conclusions as there are 45 percent more moderate-income families compared to the percentage of low-income families in the AA.

**Lending Test**

Performance under the Lending Test in Virginia is satisfactory.

**Conclusions for Area Receiving a Full-Scope Review**

Based on a full-scope review, performance in the AA is reasonable.

**Distribution of Loans by Income Level of the Geography**

An analysis of the distribution of loans by income level of the geography is not meaningful because there are no low-, or moderate-income geographies in the AA.

## **Distribution of Loans by Income Level of the Borrower**

Distribution of loans to individuals of different income levels is reasonable.

### **Home Mortgage Loans**

Refer to Table P in the state of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage loan originations.

Distribution of loans to individuals of different income levels is reasonable, given the product lines offered by the bank.

Lending to low-income borrowers was below the percentage of low-income families and below the level of aggregate lending. Lending to moderate-income borrowers is below the percentage of moderate-income families and below the level of aggregate lending.

This assessment of reasonable performance considered the bank's market share to low-, and moderate-income families compared to its overall market share for the evaluation period. In the 2019 Peer Mortgage Data-Institution Market Share Report, FNBP ranked seventh in Giles County with an overall market share of 4.67 percent. It ranked fifth in market share for loans to moderate-income borrowers with 3.03 percent of moderate-income applicants. It had no applications from low-income borrowers during the year.

FNBP did not have rank or market share for 2020 and 2021 because the bank did not meet home mortgage loan originations reporting thresholds for these years. For lenders who did report, the 2020 peer mortgage data reported a total of 34 low-income applicants, representing 10.3 percent of the total applicants in the AA for the year. Competition for these applications is strong with the top four institutions in the AA originating 17 loans to low-income applicants. Data on moderate income applicants reported a total of 83 moderate-income applicants, or 25.15 percent of the total applicants in the AA, with the top four institutions originating 39 loans to moderate-income applicants. 2021 data also showed similarly high levels of competition for loans to low- and moderate-income borrowers. This data reported a total of 55 low-income applicants, or 15.63 percent of the total applicants in the AA, with the top four institutions originating 15 loans to low-income applicants. Data on moderate income borrowers reported a total of 96 moderate-income applicants, or 27.27 percent of the total applicants in the AA, with the top four institutions originating 25 loans to moderate-income applicants.

Given the high level of competition for low- and moderate-income borrowers and FNBP's small percentage of market share, performance is reasonable.

### **Lending Gap Analysis**

The OCC evaluated the lending distribution in the Blacksburg-Christiansburg, VA MSA (Giles County) AA to determine if any unexplained, conspicuous gaps existed. We reviewed summary reports, maps, and analyzed FNBP's lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. We did not identify any unexplained, conspicuous gaps.

### **Responses to Complaints**

The bank did not receive any CRA-related complaints during the evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MSAs and non-MSAs that received comprehensive examination review, designated by the term “full-scope,” and those that received a less comprehensive review, designated by the term “limited-scope.”

<b>Time Period Reviewed:</b>	<b>01/01/2019 to 12/31/2021</b>	
Bank Products Reviewed:	Home Mortgage Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None		
<b>List of Assessment Areas and Type of Evaluation</b>		
<b>Rating and Assessment Areas</b>	<b>Type of Evaluation</b>	<b>Other Information</b>
West Virginia		
Monroe County WV non-MSA AA	Full scope	Census tracts 9502 and 9503 in Monroe County, WV
Virginia		
Blacksburg-Christiansburg, VA MSA AA	Full scope	Census tracts 9303 and 9304 in Giles County, VA

## Appendix B: Summary of State Ratings

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<b>RATINGS: The First National Bank of Peterstown</b>	
<b>Overall Bank:</b>	Lending Test Rating
The First National Bank of Peterstown	Satisfactory
<b>State:</b>	
West Virginia	Satisfactory
Virginia	Satisfactory



## Appendix C: Definitions and Common Abbreviations

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The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Combined Statistical Area (CSA):** A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

**Community Development (CD):** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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, 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, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

**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, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**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 state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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.

**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.

**Rating Area:** A rated area is a state or multi-state metropolitan statistical 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 multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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) 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.

**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.

**Tier 1 Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Appendix D: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchases are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

Table O: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																			2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts				
	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate		
Giles County VA AA	21	2,347	30.0	352	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0		
Monroe County WV AA	51	5,476	70.0	212	0.0	0.0	0.0	0.0	0.0	0.0	100.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Total</b>	<b>72</b>	<b>7,823</b>	<b>100.0</b>	<b>564</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>		

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2019-21		
Assessment Area:	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers				
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate		
Giles County VA AA	21	2,347	30.0	352	16.1	4.8	15.6	23.3	14.3	27.3	28.5	14.3	20.2	32.1	38.1	16.2	0.0	28.6	20.7		
Monroe County WV AA	51	5,476	70.0	212	24.7	9.8	4.2	18.1	9.8	15.6	22.4	11.8	20.3	34.8	64.7	39.2	0.0	3.9	20.8		
<b>Total</b>	<b>72</b>	<b>7,823</b>	<b>100.0</b>	<b>564</b>	<b>20.3</b>	<b>8.8</b>	<b>11.3</b>	<b>20.7</b>	<b>8.8</b>	<b>22.9</b>	<b>25.5</b>	<b>11.8</b>	<b>20.2</b>	<b>33.4</b>	<b>47.1</b>	<b>24.8</b>	<b>0.0</b>	<b>23.5</b>	<b>20.7</b>		

Source: 2015 ACS; 01/01/2019 - 12/31/2021 Bank Data, 2021 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0%