



PUBLIC DISCLOSURE

October 31, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First National Bank of Williamson
Charter Number: 6830

68 East Second Avenue
Williamson, West Virginia 25661

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.

Table of Contents

| | |
|---|-----|
| Overall CRA Rating..... | 1 |
| Description of Institution | 2 |
| Scope of the Evaluation | 3 |
| Discriminatory or Other Illegal Credit Practices Review | 5 |
| State Rating..... | 6 |
| State of West Virginia..... | 6 |
| State Rating..... | 10 |
| State of Kentucky..... | 10 |
| Appendix A: Scope of Examination | A-1 |
| Appendix B: Summary of MMSA and State Ratings..... | B-1 |
| Appendix C: Definitions and Common Abbreviations..... | C-1 |
| Appendix D: Tables of Performance Data..... | D-1 |

Overall CRA Rating

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

The lending test is rated **Outstanding**.

The major factors that support this rating include:

- The Lending Test rating for The First National Bank of Williamson (FNBW or bank), is based on the ratings of the state of West Virginia and the state of Kentucky.
- The bank's loan-to-deposit (LTD) ratio is reasonable considering the bank's size, financial condition, and credit needs in its assessment areas (AAs).
- A majority of the bank's loans were originated inside the bank's AAs.
- The bank exhibits excellent geographic distribution of loans in the bank's AAs.
- The bank exhibit excellent distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Loan-to-Deposit Ratio

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

The LTD ratio is calculated on a bank wide basis covering the quarters as of March 31, 2018, through June 30, 2022. The bank's average quarterly LTD ratio for the 18 consecutive quarters is 76.2 percent. This is above the average quarterly LTD ratio of 69.6 percent for similar asset-sized institutions during the same time period. The bank's average quarterly LTD ratio ranged from a high of 87.8 percent, to a low of 65.58 percent. The average quarterly LTD ratio of FNBW compares favorably with other similar asset-sized institutions in West Virginia and Kentucky. The average quarterly LTD ratio for similarly sized institutions ranged from a high of 88.1 percent to a low of 45.2 percent.

We considered that FNBW'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 majority of the bank's loans are inside its AAs.

The bank originated 81.7 percent of its total loans inside the bank's 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.

| Table D - Lending Inside and Outside of the Assessment Area | | | | | | | | | | |
|--|-----------------|-------------|-----------|-------------|------------|---------------------------------|-------------|--------------|-------------|-------------------|
| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage: | | | | | | | | | | |
| 2019 | 16 | 80.0 | 4 | 20.0 | 20 | 1,101 | 60.3 | 725 | 39.7 | \$1,826 |
| 2020 | 16 | 80.0 | 4 | 20.0 | 20 | 1,823 | 78.1 | 512 | 21.9 | \$2,335 |
| 2021 | 17 | 85.0 | 3 | 15.0 | 22 | 1,671 | 69.1 | 748 | 30.9 | 2,419 |
| Total | 49 | 81.7 | 11 | 18.3 | 62 | 4,595 | 69.8 | 1,985 | 30.2 | 6,580 |
| <i>Source: Bank Data for January 1, 2019, through December 31, 2021 Due to rounding, totals may not equal 100.0%</i> | | | | | | | | | | |

Description of Institution

FNBW is an independent, multi-state, community bank headquartered in Williamson, West Virginia. The bank is a Subchapter S corporation; and does not have a holding company or any affiliates. There were no merger or acquisition activities during the evaluation period.

The bank has two rating areas, which are the state of West Virginia and the state of Kentucky. The state of West Virginia has one AA that consists of Mingo County, and the state of Kentucky has one AA that consists of Pike County.

FNBW is a traditional, full-service community bank. The drive-thru locations offer limited banking, which consists of loan payments, deposits, withdrawals, and cashier's checks. As of December 31, 2021, the bank has three bank offices, two "drive-thru" locations, and three automated teller machines (ATMs). The bank's main office and one ATM are located at 68 East Second Avenue, Williamson, West Virginia. This full-service location has business hours Monday through Friday. The second bank location and drive-thru is located at 4th Avenue and Logan Street, Williamson, West Virginia. This is a limited-service branch and drive-thru that has business hours Monday through Friday and Saturday mornings. The third bank location and the second drive-thru, which includes an ATM, are located at 109 Prater Place, Pikeville, Kentucky. This full-service location and drive-thru are open Monday through Friday and Saturday mornings, and the drive-thru offers extended morning and evening hours Monday through Friday. The third ATM is a stand-alone machine located at 86 Appalachian Plaza in South Williamson, Kentucky. No branches were opened or closed during the evaluation period.

FNBW offers a variety of deposit and loan products to meet consumer and commercial banking needs. The bank's Internet website, www.yourfnbonline.com, provides detailed information on products and services for both consumers and businesses. Banking services are standard, with the addition of on-line banking with free bill pay. FNBW also offers 24-hour account access service.

Competition for loans and deposits comes from local community banks and larger regional institutions. Some of FNBW's primary competitors are Truist Bank, Bank of Mingo, Community Trust Bank, Inc., and U.S. Bank, N.A.

There are no legal or financial impediments to the bank’s ability to help meet the credit needs of its AAs. The bank received a “Satisfactory” rating at its previous CRA evaluation dated November 5, 2018.

FNBW reported total assets of \$111.3 million, \$68.5 million in gross loans, \$100.6 million in total deposits, and tier 1 capital of \$9.1 million, as of December 31, 2021. Gross loans represent 61.5 percent of total assets. The table below depicts the loan portfolio by loan products.

| Distribution of Loan Portfolio* | | |
|--|-------------------------------------|-------------------------|
| TYPE OF LOAN | Balance Outstanding (\$000s) | % OF TOTAL LOANS |
| 1-4 Family Residential Real Estate | 32,116 | 46.89 |
| Non-Farm/Non-Residential Real Estate | 24,210 | 35.35 |
| Loans to Individuals | 5,307 | 7.75 |
| Commercial and Industrial | 4,773 | 6.97 |
| Multi-family Residential Properties | 1,449 | 2.11 |
| Other Loans | 494 | 0.72 |
| Construction & Land Development | 141 | 0.21 |
| TOTAL | 68,490 | 100.00 |

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

Scope of the Evaluation

Evaluation Period/Products Evaluated

FNBW was evaluated using Small Bank CRA procedures. This Performance Evaluation assesses the bank’s performance under the Lending Test for the period January 1, 2019, through December 31, 2021. FNBW’s lending activity during the evaluation period evidenced that home mortgage loans are the bank’s primary lending product. We based our analysis on the sample of home mortgage loans originated in the AAs during the evaluation period.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of the AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA), are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. 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 bank’s overall rating is a blend of the state ratings for West Virginia and Kentucky. We performed full-scope reviews for the Mingo County WV non-MSA AA in West Virginia, and the Pike County KY

non-MSA AA in Kentucky. The bank holds the majority of deposits and originates the majority of loans in the state of West Virginia, so more weight was given to the performance in the state of West Virginia. According to the FDIC Summary of Deposits as of June 30, 2021, FNBW held 84.3 percent of deposits in West Virginia, compared to 15.7 percent in Kentucky. The loan sample included 31 of 51, or 60.78 percent, of home mortgage loans originated in West Virginia.

We placed more weight on the geographic distribution of loans in distressed middle-income CTs due to the limited moderate-income CTs within the AAs.

Refer to the “Scope” section under each state Rating 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: Outstanding

The Lending Test is rated: Outstanding

The major factors that support this rating include:

- The geographic distribution of loans is excellent.
- The distribution of loans to borrowers of different income levels is excellent.

Description of Institution's Operations in West Virginia

Mingo County WV non-MSA AA

| Table A – Demographic Information of the Assessment Area Assessment Area: Mingo County WV non-MSA | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 7 | 0.0 | 14.3 | 85.7 | 0.0 | 0.0 |
| Population by Geography | 25,931 | 0.0 | 12.8 | 87.2 | 0.0 | 0.0 |
| Housing Units by Geography | 12,647 | 0.0 | 12.6 | 87.4 | 0.0 | 0.0 |
| Owner-Occupied Units by Geography | 8,232 | 0.0 | 14.5 | 85.5 | 0.0 | 0.0 |
| Occupied Rental Units by Geography | 2,612 | 0.0 | 9.9 | 90.1 | 0.0 | 0.0 |
| Vacant Units by Geography | 1,803 | 0.0 | 7.4 | 92.6 | 0.0 | 0.0 |
| Businesses by Geography | 914 | 0.0 | 7.5 | 92.5 | 0.0 | 0.0 |
| Farms by Geography | 12 | 0.0 | 25.0 | 75.0 | 0.0 | 0.0 |
| Family Distribution by Income Level | 7,572 | 28.0 | 16.8 | 15.7 | 39.5 | 0.0 |
| Household Distribution by Income Level | 10,844 | 30.9 | 16.0 | 14.1 | 38.9 | 0.0 |
| Median Family Income Non-MSAs - WV | | \$48,107 | Median Housing Value | | | \$75,742 |
| | | | Median Gross Rent | | | \$550 |
| | | | Families Below Poverty Level | | | 20.5% |
| <i>Source: 2015 ACS and 2021 D&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> | | | | | | |

The bank's primary market is in the state of West Virginia, which consists of one assessment area, Mingo County WV non-MSA AA. The AA consists of one moderate-income CT, and six middle-income CTs. All six middle-income CTs are designated as distressed middle-income nonmetropolitan tracts due to high poverty and unemployment levels. There are no low-, or upper-income CTs in the AA. This AA meets regulatory requirements and does not arbitrarily exclude low-, or moderate-income geographies.

The bank operates one full-service and one limited-service branch; and two ATMs in the AA. Refer to “Description of the Institution” for details of locations and services provided at the branch locations. Total deposits for FNBW in the AA were \$83.7 million as of June 30, 2021, or 84.3 percent of total deposits.

The FDIC Summary of Deposits Report as of June 30, 2021, listed four institutions in the AA. FNBW holds 19.77 percent of the market share in this AA and is ranked third. Truist Bank is ranked first, Bank of Mingo is ranked second, and Community Trust Bank, Inc., is ranked fourth with deposit market shares of 41.13, 24.91, and 14.20 percent, respectively.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, national mortgage lenders, and credit unions. Based on the 2021 Peer Mortgage Data, there are 34 lending institutions within the AA competing for mortgage applications. FNBW is not ranked since it is not a HMDA reporting bank. The top four institutions with a combined market share of 69.48 percent are Community Trust Bank, Inc., Rocket Mortgage, Truist Bank, and Vanderbilt Mortgage and Finance, Inc.

Housing

The Mingo County WV non-MSA AA has 12,647 total housing units of which 10,844 are occupied housing units, or 85.7 percent of total housing units. Of the occupied housing units, 65.1 percent are owner-occupied, and 20.7 percent are rental occupied. Additionally, the 2015 American Census Survey (ACS) U.S. Census data shows the population of the AA at 25,931, with 12.8 percent in moderate-income tracts and 87.2 percent in middle-income tracts. Approximately 20.5 percent of the families live below the poverty level. For the evaluation period, the median housing value in the AA was \$75,742 and the median gross rent was \$550 per month.

Economic and Employment Factors

According to the U.S. Bureau of Labor Statistics (BLS), the annual unemployment rates in the AA were 6.8, 14.0, and 8.9 percent for 2019, 2020, and 2021, respectively. The state of West Virginia unemployment rates were below the AA’s unemployment rates, reporting average annual unemployment rates of 4.9 percent in 2019, 8.2 percent in 2020, and 5.0 percent in 2021. The AA unemployment rates were also above the national unemployment rates of 3.7 percent in 2019, 8.1 percent in 2020, and 5.4 percent in 2021. The top employers in the AA are The Mingo County Board of Education, Arch Coal, Inc., Coalfield Community Action Partnerships, Inc., West Virginia Personnel, Inc., and Complete Physicians’ Resources, LLC, according to the West Virginia Department of Commerce.

Community Contact

As part of our review, we reached out to several potential community contacts for an assessment of the local market area and the community development needs that are most needed for low- and moderate-income and at-risk communities. We contacted a local organization, Region 2 Planning and Development Council, for comment but were unable to speak directly with a contact.

Based upon our review of the 2020-2024 Comprehensive Economic Development Strategy, we identified the following credit needs and funding opportunities for Mingo County's economic development:

- Strengthen the quality of the region's workforce by supporting existing workforce training and development efforts, such as Coalfield Development Corporation's 33-6-3 model; Workforce Investment Board programs; and vocational and community and technical education;
- Support and provide funding opportunities for expansion of the existing and anticipated trail systems, including motorized, rail, river, equestrian and historic venues;
- Participate with efforts to reinvigorate existing and create new agricultural endeavors, including Farm-to-Table; local growers; farmers markets and retail outlets; aquaponics; high tunnel, extended season growing; large-scale commercial production and market penetration; and
- Assist housing developers with multi-family housing projects in Mingo County, which fulfills the specified goals of the Council's Plan.

Scope of Evaluation in West Virginia

The Mingo County WV non-MSA AA received a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

Lending Test

The bank's performance under the Lending Test in West Virginia is rated outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Mingo County WV non-MSA AA is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits excellent geographic distribution of loans in the State.

Home Mortgage Loans

Refer to Table O in the state of West Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in the moderate-income CT is reasonable. The percentage of loans to borrowers in the moderate-income tract is below the percentage of owner-occupied housing units and exceeds the percentage of aggregate lending in the AA.

The bank received credit for lending in the six middle-income CTs in the AA that are designated as distressed due to high poverty and unemployment levels. The geographic distribution of home mortgage loans in middle-income CTs is excellent. The percentage of loans to borrowers in middle-income tracts exceeds the percentage of owner-occupied housing units and is similar to the percentage of aggregate lending in the AA.

We considered the demographic characteristics of moderate-income geographies in evaluating geographic distribution of mortgage loans. We placed more weight on performance in middle-income geographies than in moderate-income geographies because of significantly fewer opportunities to lend in moderate-income geographies. There is one moderate-income CT, which is 14.3 percent of all CTs in the AA, with 14.5 percent of owner-occupied housing units. Additionally, the distance of FNBW's branch from the moderate-income CT impacts the bank's ability to originate loans in this CT. These factors impact the bank's ability to make mortgage loans to individuals residing in the moderate-income geography.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels, given the product lines offered by the bank.

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 the bank's home mortgage loan originations.

The percentage of loans to low-income borrowers was below the percentage of low-income families and exceeded the percentage of all reporting lenders. The percentage of loans to moderate-income borrowers exceeded the percentage of moderate-income families in the AA and exceeded the percentage of all reporting lenders.

Homeownership in LMI geographies may be difficult due to high median housing prices compared to median family income. According to the 2015 ACS U.S. Census, the median housing value in the AA was \$75,742. The 2015 ACS U.S. Census reported the Median Family Income for the AA as \$48,107, which would result in a low-income household annual income below \$24,053. These income levels may make it difficult to afford housing at the median housing value in the AA for low-income borrowers.

Lending Gap Analysis

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

Responses to Complaints

There were no complaints regarding the bank's CRA performance in the AA during the evaluation period. This had a neutral impact on the overall CRA rating.

State Rating

State of Kentucky

CRA rating for the State of Kentucky: Satisfactory

The Lending Test is rated: Satisfactory

The major factors that support this rating include:

- The geographic distribution of loans is reasonable.
- The distribution of loans to borrowers of different income levels is reasonable.

Description of Institution’s Operations in Kentucky

Pike County KY non-MSA AA

| Table A – Demographic Information of the Assessment Area Assessment Area: Pike County KY non-MSA | | | | | | |
|--|--------|---------------|------------------------------|------------------|-----------------|---------------|
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 19 | 0.0 | 26.3 | 68.4 | 5.3 | 0.0 |
| Population by Geography | 63,434 | 0.0 | 25.4 | 65.1 | 9.5 | 0.0 |
| Housing Units by Geography | 30,309 | 0.0 | 25.8 | 64.8 | 9.3 | 0.0 |
| Owner-Occupied Units by Geography | 19,063 | 0.0 | 27.3 | 63.5 | 9.2 | 0.0 |
| Occupied Rental Units by Geography | 7,061 | 0.0 | 19.7 | 69.7 | 10.6 | 0.0 |
| Vacant Units by Geography | 4,185 | 0.0 | 29.6 | 62.5 | 7.9 | 0.0 |
| Businesses by Geography | 3,889 | 0.0 | 14.4 | 60.6 | 25.0 | 0.0 |
| Farms by Geography | 78 | 0.0 | 20.5 | 62.8 | 16.7 | 0.0 |
| Family Distribution by Income Level | 17,898 | 25.0 | 18.1 | 18.4 | 38.6 | 0.0 |
| Household Distribution by Income Level | 26,124 | 28.2 | 16.0 | 16.4 | 39.4 | 0.0 |
| Median Family Income Non-MSAs - KY | | \$45,986 | Median Housing Value | | | \$79,294 |
| | | | Median Gross Rent | | | \$626 |
| | | | Families Below Poverty Level | | | 18.7% |
| <i>Source: 2015 ACS and 2021 D&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> | | | | | | |

FNBW’s second market is in Pike County in the state of Kentucky. Pike County is identified as the AA and has one branch and one ATM located in an upper-income CT in the county. Refer to “Description of the Institution” for details of locations and services provided at the branch locations. As of December 31, 2021, FNBW reported total deposits of \$15.6 million or 15.7 percent of total bank deposits within the AA.

Pike County has nineteen CTs, which consist of five moderate-income CTs, thirteen middle-income CTs, and one upper-income CT. All thirteen middle-income CTs are designated as distressed and underserved nonmetropolitan middle-income geographies due to the high poverty rate and remote rural location of the geographies. There are no low-income CTs in the AA. This AA meets regulatory requirements and does not arbitrarily exclude low-, or moderate-income geographies.

The FDIC Deposit Market Share Report as of June 30, 2021, listed seven institutions in the AA. FNBW holds 1.15 percent of the market share in the AA and is ranked sixth. Community Trust Bank, Inc., is ranked first, U.S. Bank, N.A. is ranked second, and Truist Bank is ranked third, with deposit market shares of 67.37, 13.88, and 8.87 percent, respectively.

Competition for mortgage loans is strong and includes local commercial and savings banks, branches of larger regional and nationwide banks, national mortgage lenders, and credit unions. Based on the 2021 Peer Mortgage Data, there are 93 lending institutions within the AA competing for mortgage applications. FNBW is not ranked since it is not a HMDA reporting bank. The top four institutions with a combined market share of 63.22 percent are Community Trust Bank, Inc., Rocket Mortgage, U.S. Bank, N.A., and Vanderbilt Mortgage and Finance, Inc.

Housing

The Pike County KY non-MSA AA has 30,309 total housing units of which 26,124 are occupied housing units, or 86.2 percent of total housing units. Of the occupied housing units, 62.9 percent are owner-occupied, and 23.3 percent are rental occupied. Additionally, 2015 U.S. ACS Census data shows the population of the AA was 63,434, with 25.4 percent in moderate-income tracts, 65.1 percent in middle-income tracts, and 9.5 percent in the upper-income tract. Approximately 18.7 percent of the families live below the poverty level. The median housing value in the AA was \$79,294 for the evaluation period and the median gross rent was \$626 per month.

Economic and Employment Factors

According to the U.S. Bureau of Labor Statistics, the annual unemployment rates in the AA were 5.4, 8.1, and 6.4 percent for 2019, 2020, and 2021, respectively. The state of Kentucky unemployment rates were below the AA's unemployment rates, reporting an annual average of 4.1 percent in 2019, 6.4 percent in 2020, and 4.7 percent in 2021. The AA unemployment rates were also above the national unemployment rates of 3.7 percent in 2019, 8.1 percent in 2020, and 5.4 percent in 2021.

The largest industries in Pike County, Kentucky are Health Care & Social Assistance, Retail Trade, and Educational Services. The largest employers are University of Pikeville; Pikeville Medical Center; Pike County School District, and Walmart Supercenter.

Community Contact

As part of our evaluation, we reviewed two community contacts completed by the FDIC in conjunction with other CRA evaluations in the AA. The first contact was a representative of a for-profit organization that provides real estate appraisal and sales services in the AA. The contact identified home mortgage, consumer, and small business lending as prominent credit needs. The contact stated that due to the extreme rise in the cost of construction due to pandemic restrictions, and limited manufacturing of construction

materials, it is more cost-effective/economical for individuals to buy an existing home rather than build a new one. The contact stated this is driving up the price of homes in the area. The contact stated that banks in the market area, which included the AA, are responsive to the credit needs and work with borrowers to meet these needs.

The second community contact was an organization that provides homes for low-income families in Floyd, Harlan, Knott, Letcher, and Pike counties. Each year, HOME's Inc. repairs an average of 50 owner-occupied homes, and maintains 50 affordable rental units. The contact identified affordable housing as a credit need in the AA as he stated much of the housing stock is either overpriced or substandard. The contact stated that larger banks are interested in tax credit deals and are focused on single or small groups of counties, while smaller banks are focused on local needs.

Scope of Evaluation in Kentucky

The Pike County KY non-MSA AA will receive a full-scope review. Refer to the table in Appendix A for a list of all AAs under review.

Lending Test

The bank's performance under the Lending Test in Kentucky is rated satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Pike County KY non-MSA AA is reasonable.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Kentucky section of Appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The geographic distribution of home mortgage loans in moderate-income CTs is reasonable. The percentage of loans to borrowers in moderate-income tracts is well below the percentage of owner-occupied housing units and the percentage of all reporting lenders in the AA.

The bank received credit for lending in the 13 middle-income CTs in the AA that are designated as distressed due to high poverty levels and remote rural geographical locations. The geographic distribution of home mortgage loans in middle-income CTs is excellent. The percentage of loans to borrowers in middle-income tracts exceeded the percentage of owner-occupied housing units and the percentage of all reporting lenders in the AA.

We considered the demographic characteristics of moderate-income geographies in evaluating geographic distribution of loans. We placed more weight on performance in middle-income geographies than in moderate-income geographies because of significantly fewer opportunities to lend in moderate-income geographies. There are four moderate-income CTs, which is 26.3 percent of all CTs in the AA, with 27.3 percent of owner-occupied housing units located in moderate-income CTs. Additionally, the distance of FNBW's branch from three of the four moderate-income CTs impacts the bank's ability to originate loans in these CTs. These factors impact the bank's ability to make mortgage loans to individuals residing in these moderate-income geographies.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Home Mortgage Loans

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

The percentage of home mortgage loans made to low-income families is similar to the percent of low-income families in the AA; and it exceeds the percentage of all reporting lenders. The percentage of loans made to moderate-income borrowers is below the percent of moderate-income families in the AA, and is slightly below the percentage of all reporting lenders.

Homeownership for LMI borrowers may be difficult due to high median housing prices compared to median family income. According to the 2015 ACS U.S. Census, the median housing value in the AA was \$79,294. The 2015 ACS U.S. Census reported the Median Family Income for the AA as \$45,986, which would result in a low-income household annual income below \$22,993; and moderate-income household annual income between \$22,993 and \$36,784. These income levels may make it difficult to afford housing at the median housing value in the AA for LMI borrowers.

Lending Gap Analysis

We evaluated the lending distribution in the Pike County, KY non-MSA AA to determine if any unexplained, conspicuous gaps existed. We reviewed summary reports, maps, and analyzed FNBW'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

There were no complaints regarding the bank's CRA performance in the AA during the evaluation period. This had a neutral impact on the overall CRA rating.

Appendix A: Scope of Examination

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”.

| | | |
|---|---------------------------------|--|
| Time Period Reviewed: | 01/01/2019 to 12/31/2021 | |
| Bank Products Reviewed: | Home Mortgage Loans | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| None | | |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| West Virginia | | |
| Mingo County WV non-MSA | Full-scope | All census tracts in Mingo County, West Virginia |
| Kentucky | | |
| Pike County KY non-MSA | Full-scope | All census tracts in Pike County, Kentucky |

Appendix B: Summary of State Ratings

| RATINGS THE FIRST NATIONAL BANK OF WILLIAMSON | |
|--|---------------------|
| Overall Bank: | Lending Test Rating |
| The First National Bank of Williamson | Outstanding |
| State: | |
| West Virginia | Outstanding |
| Kentucky | Satisfactory |

Appendix C: Definitions and Common Abbreviations

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

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) purchased 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 30th 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 |
| FNBW - Mingo County WV non-MSA | 31 | 2,603 | 100.0 | 154 | 0.0 | 0.0 | 0.0 | 14.5 | 9.7 | 8.4 | 85.5 | 90.3 | 91.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total | 31 | 2,603 | 100.0 | 154 | 0.0 | 0.0 | 0.0 | 14.5 | 9.7 | 8.4 | 85.5 | 90.3 | 91.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

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 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 |
| FNBW-Pike County KY non-MSA | 20 | 1,993 | 100.0 | 957 | 0.0 | 0.0 | 0.0 | 27.3 | 5.0 | 15.6 | 63.5 | 75.0 | 63.3 | 9.2 | 20.0 | 21.1 | 0.0 | 0.0 | 0.0 |
| Total | 20 | 1,993 | 100.0 | 957 | 0.0 | 0.0 | 0.0 | 27.3 | 5.0 | 15.6 | 63.5 | 75.0 | 63.3 | 9.2 | 20.0 | 21.1 | 0.0 | 0.0 | 0.0 |

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 | | |
| FNBW - Mingo County WV non-MSA | 31 | 2,603 | 100.0 | 154 | 28.0 | 16.1 | 5.8 | 16.8 | 22.6 | 17.5 | 15.7 | 29.0 | 24.7 | 39.5 | 29.0 | 42.9 | 0.0 | 3.2 | 9.1 | | |
| Total | 31 | 2,603 | 100.0 | 154 | 28.0 | 16.1 | 5.8 | 16.8 | 22.6 | 17.5 | 15.7 | 29.0 | 24.7 | 39.5 | 29.0 | 42.9 | 0.0 | 3.2 | 9.1 | | |

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 | | |
| FNBW-Pike County KY non-MSA | 20 | 1,993 | 100.0 | 957 | 25.0 | 20.0 | 4.4 | 18.1 | 10.0 | 12.9 | 18.4 | 25.0 | 20.3 | 38.6 | 45.0 | 48.2 | 0.0 | 0.0 | 14.3 | | |
| Total | 20 | 1,993 | 100.0 | 957 | 25.0 | 20.0 | 4.4 | 18.1 | 10.0 | 12.9 | 18.4 | 25.0 | 20.3 | 38.6 | 45.0 | 48.2 | 0.0 | 0.0 | 14.3 | | |

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%