



## PUBLIC DISCLOSURE

April 4, 2016

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Progressive Bank, National Association  
Charter Number 16248

590 National Road, Wheeling, WV 26003

Office of the Comptroller of the Currency  
Pittsburgh Field Office, 4075 Monroeville Blvd, Suite 300, Monroeville, PA 15146

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## **INSTITUTION'S CRA RATING: This institution is rated Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

Progressive Bank, National Association's (PBNA) overall CRA rating is Satisfactory. The primary factors supporting the overall rating<sup>1</sup> are as follows:

- PBNA's average quarterly loan-to-deposit ratio is less than reasonable given its size, financial condition, and the credit needs within its assessment areas (AAs).
- PBNA originated a substantial majority of its loans inside its AAs.
- PBNA's record of originating residential mortgage loans reflects reasonable penetration to borrowers of different income levels.
- PBNA's record of originating residential mortgage loans reflects reasonable dispersion among AA geographies.
- PBNA's community development (CD) activities, as a whole, demonstrate adequate responsiveness to the needs within the AAs.

The Wheeling, WV-OH multi-state metropolitan statistical area (MSA) AA ratings were given more weight than the State of West Virginia ratings because the bank primarily conducts business within the Wheeling, WV-OH MSA AA.

## **Scope of Examination**

We conducted an evaluation of PBNA's Community Reinvestment Act (CRA) performance under the Intermediate Small Bank (ISB) procedures. The ISB procedures include a lending test and a community development (CD) test. The lending test evaluates the bank's record of meeting the credit needs of its AAs through its lending activities. The CD test evaluates the bank's responsiveness to CD needs in its AAs through funding CD loans, investments, and services.

PBNA's primary loan products are residential mortgage loans. PBNA also originates business loans, but the bank did not originate enough loans to small businesses in the evaluation period to perform a meaningful analysis for this CRA performance evaluation. PBNA's record of originating residential mortgage loans was evaluated over the period between January 1, 2014 and December 31, 2015. This period is representative of the bank's lending strategy since the previous CRA evaluation. Residential mortgage lending includes home purchase, home improvement, and home mortgage refinance loans.

In order to evaluate PBNA's record of originating residential mortgage loans, we analyzed loan data PBNA collected and reported in accordance with Home Mortgage Disclosure Act (HMDA) requirements. This data included all HMDA reportable loan

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<sup>1</sup> The net loan-to-deposit ratio and percentage of loans and other lending-related activity in the assessment area only apply to the institution overall. No discussion of these performance criteria applies to sections of the performance evaluation relating to states, and multistate metropolitan areas.

data for all mortgage loans the bank originated in the evaluation period. In order to ensure the reliability of HMDA loan data, we performed a data integrity examination during the third quarter of 2015. We tested the accuracy of PBNA's HMDA loan data by comparing it against corresponding loan file documentation. The data integrity examination revealed that PBNA's publicly available HMDA loan data for 2013 and 2014 contained errors, which the bank corrected prior to the commencement of this evaluation. No errors were noted for 2012.

We evaluated PBNA's record of CD performance during the period of February 21, 2012 to April 4, 2016. This period represents the time between PBNA's last CRA evaluation review period and the start of its current CRA evaluation. CD related activities include CD loans, investments, and services.

## **Description of Institution**

PBNA is an independent interstate community bank. PBNA is a wholly owned subsidiary of First West Virginia Bancorp, Inc. Both the holding company and PBNA's headquarters and main office are located in Wheeling, West Virginia, which is situated in Ohio County in the northern West Virginia panhandle. Ohio County is located approximately 50 miles southwest of Pittsburgh, Pennsylvania.

As of December 31, 2015, PBNA's assets totaled \$345 million, deposits totaled \$282 million and tier one capital totaled \$32 million. Net loans and leases totaled \$98 million, representing 28.5% of total assets. Assets included investments of \$225 million, real estate loans of \$74 million, commercial loans of \$13 million, and individual loans of \$3 million. The remainder of PBNA's asset mix consisted of other loans. PBNA's retail loan offerings include fixed and adjustable rate home mortgages, home equity loans and lines of credit, personal loans, and auto loans. Commercial loan offerings include commercial real estate loans, commercial installment loans, commercial lines of credit, and inventory financing. The bank's business strategy is to originate residential mortgage loans and business loans.

PBNA operates its branch network in seven counties across two states. The counties housing PBNA branches include Brooke, Upshur, Marshall, Wetzel, Lewis and Ohio Counties in West Virginia and Belmont County in Ohio. PBNA operates nine full service branch offices. All branches include a drive-through and are open Monday through Saturday. During the evaluation period, no new branch offices were opened or no facilities were closed within PBNA's AAs. One of the branches, the Bellaire, OH location, is located in a moderate-income tract. Automated teller machines (ATMs) are located in conjunction with each of PBNA's nine branch office locations inside its AAs. All ATMs offer withdrawals and inquiries but the ATMs do not accept deposits. However, all locations have deposit capability with night deposit drop units.

Table 1 below notes PBNA's office locations, the AA, and the income level of the census tract in which the office is located:

<b>Table 1 – Progressive Bank Offices</b>			
	<b>Office Location &amp; County</b>	<b>AA (abbreviated)</b>	<b>Geography Income Level</b>
1	Wheeling, WV (590 National Rd, Ohio Co)*	N/A	N/A
2	Buckhannon, WV (3 S. Locust St, Upshur Co)	Lewis-Upshur	Middle**
3	Weston, WV (106 Market Place Mall, Lewis Co)	Lewis-Upshur	Middle
4	New Martinsville, WV (425 3 <sup>rd</sup> St, Wetzel Co)	Wetzel Co	Middle**
5	Wellsburg, WV (744 Charles St, Brooke Co)	Brooke Co	Middle
6	Wheeling, WV (875 National Rd., Ohio Co)	Wheeling, WV- OH	Upper
7	Wheeling, WV (1090 E Bethlehem Blvd, Ohio Co)	Wheeling, WV- OH	Upper
8	Wheeling, WV (1701 Warwood Ave, Ohio Co)	Wheeling, WV- OH	Middle
9	Moundsville, WV (809 Lafayette Ave, Marshall Co)	Wheeling, WV- OH	Middle
10	Bellaire, OH (426 34 <sup>th</sup> St, Belmont Co)	Wheeling, WV- OH	Moderate

\*Location is the bank's corporate office and does not originate loans or accept deposits.

\*\*Distressed or underserved census tract as of 2015 FFIEC geocoding data.

PBNA offers a variety of deposit products to meet consumer and commercial banking needs. PBNA offers a free checking account product with no monthly service fee or required minimum balance. The bank's internet website provides accessibility to transaction services such as bill paying, loan paying, account transfers, and account activity viewing. PBNA maintains a 24-hour telephone banking system, providing customers with the ability to obtain loan and deposit account balance information, verify transactions, and transfer funds between accounts.

The bank acts as a correspondent for the West Virginia Housing Development Fund (WVHDF). The arrangement allows PBNA to accommodate a borrower's desire for more accommodative mortgage loan terms the bank may not offer. PBNA started this program in July 2015. To date, the bank took 28 residential mortgage loan applications, 19 of which were from low- and moderate-income borrowers. Through the WVHDF, the bank can accommodate low- to moderate-income borrowers and first-time homebuyers with longer-term fixed-rate mortgages with accommodative down payment and closing cost financing. PBNA loan officers take the credit applications, collect borrower information, and provide the information to the WVHDF. The bank does not make the credit decision, fund, or service the loan because the WVHDF performs these actions.

There are no factors, legal or otherwise, which would hinder PBNA's ability to help meet the credit needs of its AAs. PBNA's last CRA performance evaluation was dated February 21, 2012, and the overall CRA rating assigned was "Satisfactory."

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

PBNA operates branch offices within two multi-state MSAs as well as within three counties in West Virginia that are not located within MSAs. The two multi-state MSAs in which PBNA operates branch offices are the Wheeling, WV-OH multi-state MSA and the Weirton-Steubenville, WV-OH multi-state MSA. The Wheeling, WV-OH multi-state MSA (Wheeling, WV-OH MSA AA) consists of Marshall and Ohio Counties in West Virginia and Belmont County in Ohio. The Weirton-Steubenville, WV-OH multi-state MSA consists of Brooke and Hancock Counties in West Virginia and Jefferson County in Ohio.

Within the Weirton-Steubenville, WV-OH multi-state MSA, PBNA operates one branch office in Brooke County, West Virginia. We did not evaluate PBNA's performance in the Weirton-Steubenville, WV-OH multi-state MSA separately for the purpose of assigning a separate multi-state MSA rating. PBNA had limited opportunity to make loans and take deposits in the Weirton-Steubenville, WV-OH multi-state MSA because of only one branch, strong competition from other banks, and a weak economic environment in the area. Rather, we considered PBNA's performance in Brooke County, West Virginia together with PBNA's performance in its non-MSA West Virginia counties for the purposes of assigning a rating for the State of West Virginia.

PBNA has designated four separate AAs. PBNA's AAs are comprised of sixty-nine (69) geographies consisting of seven whole West Virginia and Ohio counties in their entirety. PBNA's AAs meet regulatory requirements and do not arbitrarily exclude any low- or moderate-income geography. The geographies are located within Belmont County, Ohio and Marshall, Brooke, Lewis, Upshur, Wetzel and Ohio Counties in West Virginia.

PBNA designated adjacent Lewis and Upshur Counties in West Virginia as one AA (Lewis-Upshur non-MSA AA) and non-adjacent Wetzel County, West Virginia (Wetzel County non-MSA AA) as another AA. Lewis, Upshur and Wetzel Counties in West Virginia are all West Virginia non-MSA counties. Brooke County, West Virginia is located within the Weirton-Steubenville, WV-OH MSA. Therefore, we evaluated PBNA's performance in Brooke County (Brooke County MSA AA) separately from PBNA's performance in the West Virginia non-MSA county AAs. We combined the bank's Lewis-Upshur non-MSA AA and its Wetzel County non-MSA AA into one AA. The two combined AAs are referred to as the West Virginia non-MSA AA. We combined the two AAs to provide a larger set of residential mortgage loan data to perform a full-scope review. PBNA's performance within the West Virginia non-MSA AA and its performance in the Brooke County MSA AA were considered in arriving at conclusions regarding PBNA's performance in the State of West Virginia.

In arriving at the overall conclusions for PBNA's performance in each of its AAs, we placed more weight on PBNA's performance in its Wheeling, WV-OH MSA AA. In addition, the West Virginia non-MSA AA carried more weight than the Brooke County MSA AA in the State of West Virginia rating.

We conducted a full-scope evaluation for the Wheeling, WV-OH MSA AA and the West Virginia non-MSA AA. Refer to the “Scope” section under each state and MSA for more details.

## **Ratings**

PBNA’s overall rating is a blend of the Wheeling, WV-OH MSA AA and State of West Virginia rating. PBNA primarily conducts business in the Wheeling, WV-OH MSA AA because this is the AA that PBNA operates the majority of its branch offices, derives the majority of its deposits, and originates the majority of its loans. Therefore, more weight was given to the Wheeling, WV-OH MSA AA rating when assigning PBNA’s overall rating.

The institution’s CRA rating takes into account the ratings in different states/multistate metropolitan areas by considering:

- The significance of the bank’s activities in each state/multistate metropolitan area compared with the bank’s overall activities.
- The lending opportunities in each state/multistate metropolitan area.
- The importance of the bank in providing loans to each state/multistate metropolitan area, particularly in light of the number of other institutions and the extent of their activities in each state/multistate metropolitan area.
- Demographic and economic conditions in each state/multistate metropolitan area.

The multistate metropolitan area rating and state rating are based primarily on those areas that received full-scope reviews. Refer to the “Scope” section under each State and Multistate Metropolitan Area Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

## **Conclusions with Respect to Performance Criteria**

### **Loan-to-Deposit Ratio**

PBNA’s loan-to-deposit (LTD) ratio is less than reasonable given its size, financial condition, and the credit needs of the AA. PBNA’s average quarterly LTD ratio was 37.0 percent. The average ratio spans 16 quarters from March 31, 2012 to December 31, 2015. PBNA’s quarterly LTD ratio ranged from a low of 31.7 percent to a high of 43.0 percent over the evaluation period. We compared PBNA’s LTD ratio with five similarly situated competing banks of similar asset size within PBNA’s AAs. The average quarterly LTD ratio of the peer group was 74.5 percent, well above PBNA’s LTD ratio in the same evaluation period.

A challenging external environment contributes to the bank’s low LTD ratio. A combination of weak loan demand, an influx of deposits, and strong competition caused the LTD ratio to decline and remain low over the evaluation period.

Bank deposits have surged as royalty money from oil and gas exploration in the area flowed into the bank from some deposit customers during the evaluation period. These depositors have little demand for loans as they can now make many of their larger expenses with cash. The decreased loan demand and influx of deposits negatively affect the LTD ratio by decreasing the numerator and increasing the denominator.

Economic conditions limited the loan demand within the bank's AAs. Unemployment and poverty rates in all of the bank's AAs are higher than state averages and much higher than the national average. This reduces residential mortgage loan demand. Renting may also be a cost effective housing alternative in the bank's AAs, but transient workers in the oil and gas industry have driven up rental rates in much of the AAs because of higher wages. This limits the availability and affordability of residential property because existing homeowners can earn more from renting existing housing to the oil and gas workers compared to selling to a local buyer with mortgage loan financing.

Competition within the bank's AAs is high. There are a significant number of larger national and regional banks, as well as large non-depository lenders with greater lending resources, within each of the bank's AAs. As loan demand decreased and economic conditions deteriorated over the past ten years, many of the same banks are competing for a reduced number of lending opportunities. Ranges of credit risk appetite among lenders in the AAs directly contribute to the loan volume in each lender's loan portfolio.

PBNA's business relationship with the previously mentioned WVHDF allows the bank to accommodate borrower needs for home mortgage financing. These loans are not included in PBNA's LTD ratio because PBNA does not fund these loans. However, PBNA does provide the borrower a conduit to the WVHDF to obtain mortgage terms that may be more accommodative to the borrower than what PBNA can provide.

## Lending in Assessment Area

PBNA originates a substantial majority of its loans inside its defined AAs. We evaluated PBNA's residential mortgage lending performance for the evaluation period of January 1, 2014 to December 31, 2015. Table 2 illustrates the total number and dollar amount of residential mortgage loans originated inside and outside the bank's AAs during the evaluation period. For comparative purposes, the table reflects lending activity by number and dollar amount during the evaluation period.

<b>Table 2 - Mortgage Lending in PBNA's Assessment Areas 2014 - 2015</b>										
Loan Type	Number of Loans					Dollars of Loans (000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	33	91.7	3	8.3	36	3,236	84.7	587	15.4	\$3,823
Home Improvement	57	95.0	3	5.0	60	1,778	37.8	2,925	62.2	\$4,703
Refinance	23	95.8	1	4.2	24	1,607	97.5	41	2.5	\$1,648
Totals	113	94.2	7	5.8	120	6,621	65.1	3,553	34.9	10,174

Source: Data reported under HMDA; 2010 U.S. Census data.

## Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## Multistate Metropolitan Area Rating

### Wheeling, West Virginia-Ohio Multi-State MSA (Wheeling, WV-OH MSA AA)

**CRA Rating for the Wheeling MSA AA<sup>2</sup>: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

- PBNA's lending to borrowers of different income levels reflects reasonable penetration.
- PBNA's geographic distribution of loans reflects reasonable dispersion.
- PBNA's CD activities, as a whole, demonstrate adequate responsiveness to the CD needs and opportunities in the Wheeling, WV-OH MSA AA.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE WHEELING, WV-OH MSA AA:

The Wheeling, WV-OH MSA AA encompasses 47 census tracts across Ohio and Marshall Counties in WV, as well as Belmont County in Ohio. The bank has branches in each of these counties, including one in Belmont County, three in Ohio County, and one in Marshall County. The Wheeling, WV-OH MSA AA delineation complies with all regulatory requirements and does not arbitrarily exclude low- or moderate-income areas. The AA was delineated by including whole geographies in which PBNA has a branch location.

PBNA operates five of its nine branches within the Wheeling, WV-OH MSA AA. Four of these branches reside within either middle- or upper-income geographic tracts while the bank's branch in Bellaire, OH is in a moderate-income census tract. The bank did not close or open any new branches in the Wheeling, WV-OH MSA AA since the previous performance evaluation.

There are no middle-income distressed or underserved census tracts within the AA. Census tract income levels in the AA include four low-income, ten moderate-income, 22 middle-income and 22 upper-income tracts.

The Wheeling, WV-OH MSA AA population of 147,950 is the largest population out of the bank's four AAs as of the 2010 US census. Population growth forecasts per Moody's Analytics projects the AA to experience a population decline of 0.3% from 2015 to 2020.

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<sup>2</sup>This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Table 3 below provides information on demographics and other economic data in the Wheeling, WV-OH MSA AA:

<b>Table 3 - 2015 Wheeling, WV-OH MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	47	8.51	21.28	46.81	23.40	0.00
Population by Geography	147,950	3.28	17.74	51.09	27.90	0.00
Owner-Occupied Housing by Geography	45,707	2.14	16.95	54.81	26.09	0.00
Business by Geography	8,822	9.84	16.14	44.70	29.32	0.00
Farms by Geography	356	1.40	9.27	63.76	25.56	0.00
Family Distribution by Income Level	40,556	19.56	19.84	20.26	40.34	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	15,978	5.65	24.11	55.22	15.02	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		48,620 54,000 16%	Median Housing Value Unemployment Rate* (*January 2016 Bureau of Labor Statistics)	87,853 5.3% National, 6.3% WV, 4.9% OH, 8.7% Whlg, WV-OH MSA AA		

Source: 2010 US Census and 2015 HUD updated MFI

\*The NA Category consists of geographies that have not been assigned an income classification.

As of January 2016, the AA unemployment rate of 8.7 percent was higher than the national unemployment rate of 5.3 percent and the West Virginia state unemployment rate of 6.3 percent for the same period. This unemployment rate is the second highest out of the bank's three AAs. All unemployment rates aforementioned are not seasonally adjusted given the limited seasonally adjusted data available for non-MSA areas. The economic outlook in the Wheeling, WV-OH MSA AA per a November 2015 Moody's Analytics Report (Moody's) reflects job losses in the coal and natural gas industries. These industries are suffering because of declining demand and low energy prices. While the Wheeling, WV-OH MSA AA is a major gas producer, the coal industry employs more workers and long-term job gains in more capital-intensive gas production will not offset coal-driven job losses. Despite the recent downturn in the energy industry, Moody's expects unemployment figures to improve from 2015 to 2020 as the energy industry recovers with new jobs created in the natural gas industry.

Major industries for employment in the Wheeling, WV-OH MSA AA include education, healthcare, government, and retail. Top employers in the AA include Wheeling Hospital, McElroy Coal Company/Consol, Cabela's Inc., and Ohio Valley Medical Center. A recent positive economic development includes The Health Plan relocating

its corporate headquarters to the City of Wheeling by mid-2017, which is expected to bring about 325 jobs to the city, per the Wheeling News-Register.

In 2014, 137 lenders originated residential mortgage loans in the Wheeling, WV-OH AA. PBNA ranked 17th in the AA, originating 42 loans for \$2.4 million with a market share of 1.7 percent by number of loans originated. Competition in the AA was considerable and dominated by larger lenders with more market share. The top three lenders in the AA include WesBanco Bank, Main Street Bank, and Belmont Savings Bank. These lenders held the top three market shares in the AA with 12.4 percent, 10.5 percent, and 7.8 percent, respectively.

According to the June 30, 2015 FDIC Summary of Deposits Market Share Report, PBNA ranked seventh out of 15 different deposit-taking institutions within the AA. The bank holds a 4.6 percent or \$175 million of deposit market share in the AA. The top three banks by deposit market share in the AA are WesBanco Bank, United Bank, and Belmont Savings Bank. These banks hold deposit market shares of 42.1 percent, 11.0 percent, and 9.8 percent, respectively.

As a part of the evaluation process, we conducted community contact interviews. We contacted the Executive Director of a state chartered housing authority with operations in the Wheeling, WV-OH MSA AA. The housing authority's objective is to provide subsidized housing for eligible citizens of Ohio County. The contact stated the housing authority has not had any problems obtaining financing and that local banks provide financing where able. The contact noted that affordable housing remains a need in Ohio County, WV. The contact was not aware of any issues that affordable housing program participants may be having with obtaining banking products and services.

## **SCOPE OF EVALUATION IN THE WHEELING, WV-OH MSA AA:**

A full-scope evaluation was performed for the Wheeling, WV-OH MSA AA. PBNA's primary product with the Wheeling, WV-OH MSA AA is residential mortgage loans. PBNA's home mortgage lending record in the Wheeling, WV-OH MSA AA was given the most weight in overall conclusions because it includes the majority of PBNA's banking activities.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE WHEELING, WV-OH MSA AA:**

### **LENDING TEST**

PBNA's performance under the lending test in the Wheeling, WV-OH MSA AA is reasonable. PBNA's record of originating loans to borrowers of different income levels reflects reasonable penetration. PBNA's record of originating loans in different geographies reflects reasonable dispersion.

## Lending to Borrowers of Different Incomes

### Performance in the Wheeling, WV-OH MSA AA

PBNA's record of originating residential mortgage loans reflects reasonable penetration among Wheeling, WV-OH MSA AA borrowers of different income levels.

Table 4 details the penetration of residential mortgage loans PBNA originated during the evaluation period to borrowers of different income levels in the Wheeling, WV-OH MSA AA.

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.56	4.35	19.84	17.39	20.26	21.74	40.34	56.52
Home Improvement	19.56	11.11	19.84	37.04	20.26	35.93	40.34	25.93
Home Mortgage Refinance	19.56	0.00	19.84	30.77	20.26	30.77	40.34	38.46

*Source: Data reported under HMDA; 2010 U.S. Census data.*

PBNA's record of originating home purchase loans to low-income AA borrowers is significantly lower than the percentage of low-income families in the AA. PBNA's record of originating home improvement loans to low-income borrowers is lower than the percentage of low-income families in the AA. PBNA's record of originating home purchase loans to moderate-income families is near to the percentage of moderate-income families in the AA. PBNA's record of originating home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. We could not assess PBNA's record of originating home refinance loans to low- and moderate-income borrowers in the AA because the bank did not originate enough home refinance loans in the evaluation period to perform a meaningful analysis.

### **Geographic Distribution of Loans**

PBNA's record of originating loans reflects a reasonable dispersion among Wheeling, WV-OH MSA AA geographies. The analysis reflects lending in all census tracts by census tract income level.

Table 5 details the dispersion of residential mortgage loans originated by PBNA during the evaluation period in its Wheeling, WV-OH MSA AA geographies:

Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans
Home Purchase	2.14	0.00	16.95	8.70	54.81	56.52	26.09	34.78
Home Improvement	2.14	2.70	16.95	16.22	54.81	48.65	26.09	32.43
Home Mortgage Refinance	2.14	6.25	16.95	25.00	54.81	43.75	26.09	25.00

Source: Data reported under HMDA; 2010 U.S. Census data.

PBNA's record of originating home purchase loans in low-income geographies is less than the percentage of owner-occupied housing in low-income geographies in the AA. PBNA's home purchase lending record in low-income geographies is given little weight in the analysis because PBNA had limited opportunity to make loans in low-income geographies. This is because only 2.14 percent of owner-occupied homes in the AA were in low-income geographies. Conversely, PBNA's record of originating home improvement loans in low-income geographies exceeds the percentage of owner-occupied housing in low-income geographies in the AA. PBNA's record of originating home purchase loans in moderate-income AA geographies is less than the percentage of owner-occupied housing in moderate-income geographies in the AA. PBNA's record of originating home improvement loans to moderate-income geographies is near to the percentage of owner-occupied housing in moderate-income geographies in the AA.

We could not assess PBNA's record of originating home refinance loans in low- and moderate-income geographies in the AA because the bank did not originate enough home refinance loans in the evaluation period to perform a meaningful analysis. Despite a sufficient sample of home refinance loans, lending patterns reflect reasonable dispersion in low- and moderate-income geographies.

### **Responses to Complaints**

PBNA did not receive any complaints about its performance in helping to meet credit needs in its AAs during the evaluation period. This does not affect the overall CRA rating.

## **COMMUNITY DEVELOPMENT TEST**

Overall, PBNA demonstrated adequate responsiveness to CD needs in the Wheeling, WV-OH MSA AA.

### **Number and Amount of Community Development Loans**

PBNA's CD lending record reflects excellent responsiveness when identifying and addressing the credit needs in the AA. PBNA originated 19 CD loans for \$15.3 million to eight borrowers in this AA in the evaluation period. Six of the 8 borrowers and 15 of the 19 CD loans were to borrowers that provided affordable housing in the AA. Affordable housing is a critical need in the AA as noted in our community contact activities. Other qualified CD loans were loans that provided community services targeted to low- and moderate-income individuals or revitalized and stabilized the local economy.

### **Number and Amount of Qualified Investments**

The number and dollar amount of qualified investments demonstrates adequate responsiveness to needs in the AA. PBNA made one qualifying investment of \$500 thousand in the evaluation period. The investment was in a CRA Qualified Investment Fund that invested the funds into mortgages to low- and moderate-income borrowers. PBNA also made numerous qualifying donations within the AA. PBNA made 41 donations totaling \$10.6 thousand to 15 organizations. The donations were primarily to organizations that provide community services targeted to low- or moderate-income individuals and families.

### **Extent to Which the Bank Provides Community Development Services**

PBNA employee provided CD services reflect adequate responsiveness to the needs in the AA. Five bank employees volunteered their services to six different organizations in the Wheeling, WV-OH MSA AA. PBNA employees provided services to a local school district that primarily serves children from low- and moderate- families, a county economic development group specializing in Small Business Administration lending, and other entities offering affordable housing and community services targeted to low- and moderate-income individuals. Most services PBNA offered were recurring in nature because the service activity involved the bank employee's service on board, finance, and advisory committees that meet monthly.

### **Responsiveness to Community Development Needs**

PBNA's CD activities reflect adequate responsiveness to community needs in the AA. The bank's CD activities targeted community services for low- and moderate-income individuals and families and helped provided affordable housing. PBNA's CD activity is consistent with needs in the community noted by our community contacts within the AA.

# State Rating

## State of West Virginia

**CRA Rating for West Virginia<sup>3</sup>: Satisfactory.**

**The Lending Test is rated: Satisfactory.**

**The Community Development Test is rated: Satisfactory.**

- PBNA's lending to borrowers of different income levels reflects reasonable penetration.
- PBNA's geographic distribution of loans reflects reasonable dispersion.
- PBNA's CD activities, as a whole, demonstrate adequate responsiveness to the CD needs and opportunities in the State of West Virginia.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST VIRGINIA

PBNA's operations in the State of West Virginia include the West Virginia non-MSA AA and the Brooke County MSA AA. The West Virginia non-MSA AA includes the counties of Wetzel, Lewis, and Upshur that are not part of an MSA. The Brooke County MSA AA is part of the Weirton-Steubenville, WV-OH MSA. The State of West Virginia rating area includes 22 census tracts in West Virginia, including 16 census tracts in the West Virginia non-MSA AA and six census tracts in the Brooke County MSA AA. The AAs are consistent with the bank's branch network and do not arbitrarily exclude low- to moderate-income areas. The bank does not include the full Weirton-Steubenville, WV-OH MSA in the AA because it only has one branch in Brooke County, WV. The branch in Brooke County and related bank operations do not substantially extend into the Weirton-Steubenville, WV-OH MSA. Including the entire Weirton-Steubenville, WV-OH MSA would create an AA too large for PBNA to reasonably serve.

The AAs are comprised of 18 middle- and four upper-income census tracts. There are no low- or moderate-income census tracts within the two defined AAs in the State of West Virginia.

PBNA operates three of its nine branches within the West Virginia non-MSA AA and one branch in the Brooke County MSA AA. All four of these branches reside within either middle- or upper-income census tracts. Two branches (one in Upshur County and one in Lewis County) are located in middle-income distressed or underserved census tracts. PBNA has not closed any branches or opened any new branches in the two AAs since the previous CRA examination.

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<sup>3</sup> For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

## West Virginia non-MSA AA

<b>Table 6 - 2015 West Virginia non-MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	16	0.00	0.00	81.25	18.75	0.00
Population by Geography	57,209	0.00	0.00	86.06	13.94	0.00
Owner-Occupied Housing by Geography	17,606	0.00	0.00	86.15	13.85	0.00
Business by Geography	3,213	0.00	0.00	85.75	14.25	0.00
Farms by Geography	124	0.00	0.00	75.81	24.19	0.00
Family Distribution by Income Level	15,164	19.52	16.53	21.48	42.47	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,467	0.00	0.00	89.46	10.54	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		43,503 48,900 19%	Median Housing Value Unemployment Rate** (Jan 2016 Bureau of Labor Statistics)	90,392 5.3% National, 6.3% WV, 10.2% WV non-MSA AA**		

Source: 2010 US Census and 2015 HUD updated MFI

\*The NA Category consists of geographies that have not been assigned an income classification.

\*\*Calculated based on Bureau of Labor Statistics January 2016 not seasonally adjusted unemployment and labor force data from Lewis, Upshur, and Wetzel Counties.

The West Virginia non-MSA AA contains 16 census tracts. FFIEC Census Reports indicate nine of the 16 census tracts in the AA as distressed or under-served in 2015, including five of the six census tracts in Upshur County, WV and four of the five census tracts in Wetzel County, WV. There are no low- or moderate-income census tracts in the AA. Thirteen of the 16 census tracts are designated as middle-income, with the remaining three census tracts designated as upper-income.

The West Virginia non-MSA AA complies with all regulatory requirements and does not arbitrarily exclude low- and moderate-income census tracts. The bank has one branch in Lewis County, Upshur County, and Wetzel County, respectively.

The population of the AA is 57,209, the second largest by population of the bank's AAs. Population growth forecasts per the West Virginia University Bureau of Business and Economic Research (WVU) projects the AA population growth over the next five years will vary by county within the AA. Population is projected to decline within Wetzel County by greater than 0.5 percent by the year 2020. Lewis and Upshur Counties are projected to have a stable population base with projected population growth rates between -0.5 percent to 0.5 percent from 2015 to 2020.

The unemployment rate for the AA is 10.2 percent, well above the national unemployment rate of 5.3 percent and the state unemployment rate of 6.3 percent. All unemployment rates aforementioned are not seasonally adjusted given the limited seasonally adjusted data available for non-MSA areas. Unemployment outlook differs inside the AA. WVU forecasts greater than one percent less unemployment in Wetzel and Upshur counties by 2020, while it forecasts 0-1 percent higher unemployment by 2020 in Lewis County. Forecasts indicate new jobs in the oil and gas industries should help to offset lost jobs in the manufacturing and coal mining jobs in the region.

Major industries for employment in the AA include educational services and healthcare. Top employers in Lewis County include Stonewall Jackson Memorial Hospital Company, Lewis County Board of Education, and William R. Sharpe, Jr. Hospital. Top employers in Upshur County include Upshur County Board of Education, St. Joseph's Hospital of Buckhannon, and West Virginia Wesleyan College. Top employers in Wetzel County include Wetzel County Board of Education, Wal-Mart Stores, Inc., and Wetzel County Hospital.

In 2014, 86 lenders originated residential mortgage loans in the West Virginia non-MSA AA. PBNA ranked 10<sup>th</sup> in the AA, originating 15 loans for \$0.4 million with a market share of 2.2 percent by number of loans originated. Competition in the AA was considerable and dominated by larger lenders with more resources and market share. The top three lenders in the AA include First Community Bank, JP Morgan Chase Bank, and Quicken Loans. These lenders held the top three market shares in the AA with 12.4 percent, 10.5 percent, and 7.8 percent, respectively.

According to the June 30, 2015 FDIC Summary of Deposits Market Share Report, PBNA ranked seventh out of 13 institutions in the AA with 6.9 percent of total market deposits. The top three financial institutions included the Citizens Bank of Weston with 16.2 percent market share, WesBanco Bank with 14.3 percent market share, and JP Morgan Chase with 12.2 percent market share.

As a part of the evaluation process, we conducted a community contact interview. We contacted the Executive Director of a county development authority in the AA. The contact indicated a critical need for affordable housing. The current housing inventory is aging but current inflated prices from the oil and gas activity make it difficult for existing residents to afford homes or to attract new homeowners from outside the area. The contact indicated that as a collective group, the banks have served the credit needs of the community. Several banks have been instrumental in participating in the financial backing of numerous development projects within the county.

## Brooke County MSA AA

<b>Table 7 - 2015 Brooke County MSA AA</b>						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	6	0.00	0.00	83.33	16.67	0.00
Population by Geography	24,069	0.00	0.00	83.90	16.10	0.00
Owner-Occupied Housing by Geography	7,780	0.00	0.00	83.82	16.18	0.00
Business by Geography	1,132	0.00	0.00	89.13	10.87	0.00
Farms by Geography	20	0.00	0.00	55.00	45.00	0.00
Family Distribution by Income Level	6,578	15.87	20.04	20.60	43.49	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	2,362	0.00	0.00	91.19	8.81	0.00
Median Family Income HUD Adjusted Median Family Income for 2013 Households Below Poverty Level		48,367 53,100 12%	Median Housing Value Unemployment Rate (Jan 2016 Bureau of Labor Statistics)	84,621 5.3% National, 6.3% WV, 8% Brooke County		

Source: 2010 US Census and 2015 HUD updated MFI

\*The NA Category consists of geographies that have not been assigned an income classification.

The Brooke County MSA AA contains six census tracts. FFIEC Census Reports indicate none of the six census tracts is distressed or underserved. There are no low- or moderate-income census tracts within the AA. Five census tracts are middle-income tracts with one upper-income tract.

The Brooke County MSA AA delineation complies with all regulatory requirements. The AA includes whole geographies and does not arbitrarily exclude low- or moderate-income areas. The AA is a part of the Weirton-Steubenville, WV-OH MSA, but does not include Jefferson County, OH or Hancock County, WV because including the whole MSA would create an AA too large for the bank to reasonably serve. PBNA has one branch in Brooke County, WV.

The Brooke County MSA AA population of 24,069 is the smallest of the bank's AAs as of the 2010 US census. Population growth forecasts per the West Virginia University Bureau of Business and Economic Research (WVU) indicate Brooke County is expected to experience a population decline of more than 0.5 percent from 2015 to 2020.

As of January 2016, the Brooke County unemployment rate of 8.0 percent was higher than the national unemployment rate of 5.3 percent and the West Virginia state unemployment rate of 6.3 percent for the same period. All unemployment rates

aforementioned are not seasonally adjusted given the limited seasonally adjusted data available for non-MSA areas. Unemployment outlook is slightly positive with employment growth projected between 0.5 percent and 1 percent from 2015 to 2020 per West Virginia University's 2016 West Virginia Economic Outlook report. Much of the employment growth is attributed to oil and gas production in this area of West Virginia to offset some of the declines in manufacturing industry. The job growth is expected to occur later in the forecast horizon as exceeding low natural gas prices curtail new exploration and capital spending activity. Real personal incomes are projected to increase 1.9 percent to 2.5 percent from 2015 to 2020 with the county's employment growth.

Major industries for employment in the Brooke County MSA AA include healthcare, education, and manufacturing. Top employers in the AA include Weirton Medical Center, Brooke County Board of Education, and Ball Metal Food Container, LLC.

In 2014, 49 lenders originated residential mortgage loans in the Brooke County MSA AA. PBNA ranked 21<sup>st</sup> in the AA, originating three loans totaling \$875 thousand with a market share of 0.8 percent by number of loans originated. Competition in the AA was considerable and dominated by larger lenders and one county mutual thrift. The top three lenders in the AA include First National Bank of Pennsylvania, Hancock County Savings Bank, and WesBanco Bank. These lenders held the top three market shares in the AA with 18.2 percent, 13.8 percent, and 8.7 percent, respectively.

According to the June 30, 2015 FDIC Summary of Deposits Market Share Report, PBNA ranked 11<sup>th</sup> out of 13 different deposit-taking institutions within the AA. The bank holds a 1.4 percent deposit market share. The top three banks in terms of deposit market share are Huntington National Bank, WesBanco, and Hancock County Savings Bank, with market shares of 21.3 percent, 20.1 percent, and 16.4 percent, respectively.

We did not perform a community contact in the Brooke County MSA AA because we performed a limited-scope review.

## SCOPE OF EVALUATION IN WEST VIRGINIA

We performed a full-scope review on the West Virginia non-MSA AA and a limited-scope review on the Brooke County MSA AA within the state of West Virginia. The Brooke County MSA AA did not have enough loan origination data to perform a meaningful analysis and therefore received a limited-scope review. The full-scope review for the West Virginia non-MSA AA carried the most weight to determine the ratings for the State of West Virginia.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST VIRGINIA

### LENDING TEST

PBNA's performance under the lending test in the State of West Virginia is reasonable. PBNA's record of originating loans to borrowers of different income levels reflects reasonable penetration. PBNA's record of originating loans in different geographies reflects reasonable dispersion.

#### Performance in the West Virginia non-MSA AA

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

PBNA's record of originating residential mortgage loans reflects reasonable penetration among West Virginia non-MSA AA borrowers of different income levels.

Table 8 details the penetration of residential mortgage loans PBNA originated during the evaluation period to borrowers of different income levels in the West Virginia non-MSA AA:

Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	19.52	14.29	16.53	0.00	21.48	42.86	42.47	42.86
Home Improvement	19.52	36.36	16.53	54.55	21.48	9.09	42.47	0.00
Home Mortgage Refinance	19.52	0.00	16.53	33.33	21.48	16.67	42.47	50.00

Source: Data reported under HMDA; 2010 U.S. Census data.

PBNA's record of originating home purchase loans to low-income AA borrowers is less than the percentage of low-income families in the AA. PBNA's record of originating

home improvement loans to low-income borrowers exceeds the percentage of low-income families in the AA. PBNA's record of originating home purchase loans to moderate-income families is significantly less than the percentage of moderate-income families in the AA. PBNA's record of originating home improvement loans to moderate-income borrowers exceeds the percentage of moderate-income families in the AA. We could not assess PBNA's record of originating home refinance loans to low- and moderate-income borrowers in the AA because the bank did not originate enough home refinance loans in the evaluation period to perform a meaningful analysis.

### Geographic Distribution of Loans

PBNA's record of originating residential mortgage loans reflects reasonable dispersion among West Virginia non-MSA AA geographies. Although PBNA did not originate any loans within low- or moderate-income tracts, this is reasonable because there are no low- or moderate-income census tracts within the AA.

Table 9 details the dispersion of residential mortgage loans PBNA originated during the evaluation period in the West Virginia non-MSA AA geographies:

Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans	% of Owner-Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	0.00	0.00	86.15	100.00	13.85	0.00
Home Improvement	0.00	0.00	0.00	0.00	86.15	78.57	13.85	21.43
Home Mortgage Refinance	0.00	0.00	0.00	0.00	86.15	83.33	13.85	16.67

Source: Data reported under HMDA; 2010 U.S. Census data.

### Performance in the Brooke County MSA AA

Based on a limited-scope review, PBNA's performance lending test performance in the Brooke County MSA AA is not inconsistent with its lending record in the West Virginia non-MSA AA. There is no low- to moderate- income census tract within the AA, in which the bank could originate loans. Although the PBNA's overall loan volume in the Brooke County MSA AA was low, the percentage residential mortgage loans originated within the AA was comparable to the percentage of total deposits it receives from the AA. PBNA's performance in the Brooke County MSA AA was given less weight because of the bank's limited operations in the AA.

## **COMMUNITY DEVELOPMENT TEST**

Overall, PBNA demonstrated adequate responsiveness to CD needs in the State of West Virginia. To determine PBNA's responsiveness to CD needs in the West Virginia non-MSA AA, more weight was given to the PBNA's record of making qualified CD investments and services opposed to originating CD loans because of more opportunity to make CD investments and perform CD services in the AA. More weight was also applied to the West Virginia non-MSA AA compared to the Brooke County MSA AA because more of the bank's activities are in the West Virginia non-MSA AA.

### **Number and Amount of Community Development Loans**

PBNA's record of origination CD loans in the AA demonstrates poor responsiveness to CD needs. PBNA did not originate any CD loans within the AA in the evaluation period. A challenging economic environment, competition, and limited opportunity contributed to PBNA's poor CD lending performance in the AA. However, PBNA did make one CD loan for \$3.8 million in the broader state and regional area in the evaluation period. The loan was to a borrower who provides affordable housing, which the community contact identified as a need in the AA. The borrower is located in Harrison County, WV, which is adjacent to the two contiguous Lewis and Upshur counties that are part of the West Virginia non-MSA AA.

### **Number and Amount of Qualified Investments**

The number and dollar amount of qualified investments demonstrates adequate responsiveness to needs in the AA. PBNA made 40 qualifying donations totaling \$12.3 thousand to nine organizations. Almost all donations went to organizations that provide community services targeted to low- and moderate-income individuals and families.

### **Extent to Which the Bank Provides Community Development Services**

PBNA employees provided CD services that reflect adequate responsiveness to the needs in the AA. Two bank employees volunteered their services to seven different organizations on 99 occasions during the evaluation period. PBNA employees provided qualified CD services to a local health system that primarily serves low- and moderate-income patients and to economic development organizations located in distressed or underserved middle-income census tracts.

## **Responsiveness to Community Development Needs**

PBNA's CD activities reflect adequate responsiveness to community needs in the AA. The bank's CD activities targeted community services for low- and moderate-income individuals and families and helped promote economic development in distressed or underserved middle-income census tracts. PBNA's CD activity is consistent with CD needs in the AA.

### Performance in the Brooke County MSA AA

Based on a limited scope review, PBNA's performance related to the CD test in the Brooke County MSA AA is inconsistent with results of the CD test for the West Virginia non-MSA AA that received a full-scope review. PBNA made one loan inside the AA and made three CD loans in broader state and regional areas in the AA. Less weight was placed on PBNA's performance in the Brooke County MSA AA because of PBNA'S limited operations in the AA. PBNA made one CD loan for \$840 thousand in the Brooke County MSA AA during the evaluation. The loan was to a borrower that provides affordable housing, a need in the AA. PBNA also made three loans for \$370 thousand in the broader state and regional area to three borrowers who provide affordable housing. The loans were to borrowers located in Jefferson County, OH, which is an adjacent county to Brooke County, WV.

## 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 metropolitan and nonmetropolitan areas 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>	Lending Test: (01/01/2014 to 12/31/2015) Community Development Test: (02/21/2012 to 04/04/2016)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Progressive Bank, National Association (PBNA) Wheeling, WV	Home Purchase Loans Home Improvement Loans Home Refinance Loans Community Development Loans Community Development Investments Community Development Services	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
<u>Multi State MSA:</u> Wheeling, WV-OH MSA AA	Full-Scope	
<u>State of West Virginia:</u> State of West Virginia non-MSA AA	Full-Scope	
Brooke County MSA AA	Limited-Scope	

## Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
Progressive Bank, National Association	Satisfactory	Satisfactory	Satisfactory
Wheeling, WV-OH MSA AA	Satisfactory	Satisfactory	Satisfactory
State of West Virginia	Satisfactory	Satisfactory	Satisfactory