



PUBLIC DISCLOSURE

May 10, 2016

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Powell Valley National Bank
Charter Number 9924

33785 Main Street
Jonesville, Virginia 24263

Office of the Comptroller of the Currency
Roanoke Field 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, 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

- The bank's loan-to-deposit (LTD) ratio is reasonable.
- A substantial majority of loans were made within the bank's assessment areas (AAs).
- The distribution of home mortgage loans reflects reasonable penetration among low- and moderate-income borrowers.
- The distribution of loans to businesses reflects excellent penetration among small businesses.
- The geographic distribution of home mortgage loans and loans to businesses reflects reasonable dispersion of loans in moderate-income geographies.

SCOPE OF EXAMINATION

This Performance Evaluation assesses the bank's performance under the Lending Test for the period January 1, 2013, through December 31, 2015. The bank's primary loan products are home mortgage loans and business loans. We conducted a full-scope assessment of each AA. We relied on bank reported HMDA-LAR data for home mortgage loans originated or purchased during the evaluation period. In addition, we selected a sample of 41 loans to businesses from the bank's trial balance.

The Lending Test analysis is based on the bank's performance during the evaluation period using comparative demographic data from the 2010 U.S. Census.

Data Integrity

We selected a sample of 60 home mortgage loans originated or purchased in 2013 and compared them to bank reported HMDA-LAR data to test for accuracy. We determined that bank reported HMDA data is reliable. The bank's internal processes included 100 percent testing of HMDA data for 2014 and 2015.

DESCRIPTION OF INSTITUTION

Powell Valley National Bank (PVNB) is a wholly owned subsidiary of Powell Valley Bankshares, Inc. As of December 31, 2015, the bank had total assets of \$270 million. PVNB's main office is located in Jonesville, Virginia. There are four branch offices, all located in Virginia: Pennington Gap (Lee County), Big Stone Gap and Wise (Wise County), and Duffield (Scott County). In 2014, the bank opened a Loan Production Office (LPO) in Kingsport, Tennessee. The bank did not close any branches since the last Community Reinvestment Act (CRA) examination.

PVNB offers full service banking at all branches (LPOs are not considered branches). Non deposit-taking automated teller machines (ATMs) are located at each branch location. In addition, there is a single non deposit-taking ATM located on the campus of Mountain Empire Community College in Big Stone Gap. The bank offers a full line of traditional deposit accounts, including checking, savings, and club accounts. Online banking services allow customers to monitor account activity, pay bills, and transfer money between accounts. A recently introduced mobile banking service allows customers to access online banking services but does not include mobile check deposit. PVNB's website, www.powellvalley.com, provides information about products and services for consumers and businesses.

The bank has identified two AAs. The Virginia non-MSA AA (Virginia AA) includes Lee and Wise counties and the independent City of Norton. The Kingsport-Bristol-Bristol, TN-VA MSA AA (Kingsport AA) includes all of Scott County, Virginia.

According to the June 30, 2015 FDIC Summary of Deposit Market Share Report there are 12 FDIC insured institutions operating 32 branches in the Virginia AA. PVNB operates four branches in this AA and boasts 21.51 percent of the market share. In Scott County, there are six FDIC insured institutions operating 11 branches. PVNB has one branch in Scott County and holds 6.63 percent of the deposit market share.

As of December 31, 2015, PVNB's assets totaled \$270 million. Gross loans comprised 59.22 percent of total assets. The bank's primary loan products are home mortgage loans and business loans. **Table 1** presents a summary of the bank's loan portfolio:

Table 1 - Loan Product Category	Gross Loans as of December 31, 2015*	
	Dollar amount (\$000's)	Percent of total loans
Residential Mortgage Loans	\$73,583	46.04%
Commercial Real Estate	\$41,715	28.76%
Consumer Loans	\$12,804	8.01%
Commercial and Industrial	\$10,017	6.27%
All Other loans	\$4,648	2.91%
Construction & Land Development	\$9,634	6.03%
Farmland/agricultural production	\$3,171	1.98%
Total	\$159,000	100.00%

*Data obtained from Consolidated Reports of Condition and Income for A Bank with Domestic Offices Only - FFIEC 041 as of December 31, 2015.

The bank experienced modest loan growth of 18.18 percent over the evaluation period. The most significant increase was seen in the outstanding balance of commercial real estate loans, which increased by \$14.6 million or 46.62 percent. Residential mortgage loans increased by \$7.7 million or 11.61 percent, driven by an increase in 1-4 family first lien mortgages. As of December 31, 2015, Tier 1 Leverage Capital was 16.11 percent.

There are no legal, financial, or other factors impeding PVNB’s ability to help meet the credit needs in its AAs. The bank received a “Satisfactory” rating on its February 2013 CRA Performance Evaluation.

DESCRIPTION OF ASSESSMENT AREAS

Virginia AA

Table 2 – Demographic Information for Full Scope Area: Virginia AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	18	0.00	38.89	55.56	5.56
Population by Geography	70,997	0.00	41.46	51.13	7.41
Owner-Occupied Housing by Geography	19,188	0.00	39.92	53.89	6.19
Business by Geography	2,946	0.00	40.77	52.65	6.59
Farms by Geography	105	0.00	45.71	49.52	4.76
Family Distribution by Income Level	18,690	25.46	21.35	18.05	35.13
Distribution of Low and Moderate Income Families throughout AA Geographies	8,750	0.00	47.55	48.23	4.22
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below Poverty Level		\$48,460 \$52,700 21%	Median Housing Value Unemployment Rate (2015 Annual Avg.)		\$79,370 7.0%-8.3%

Source: 2010 U.S. Census; 2015 HUD updated MFI; Bureau of Labor Statistics

The Virginia AA consists of Lee and Wise counties and the independent city of Norton. In addition to Norton, the AA includes the towns of Jonesville, Big Stone Gap, Pennington Gap, and Wise. According to the 2010 U.S. Census, the AA has seven moderate-income census tracts, ten middle-income census tracts (CTs), and one upper-income CT. All ten middle-income CTs were identified as Distressed Middle-Income Nonmetropolitan Geographies for 2015 due to poverty or unemployment. The four middle-income CTs in Lee County were also identified as *Underserved* due to their remote rural location. There are no low-income CTs within the AA. Please refer to **Table 2** for demographic data on the AA.

Lee County is the westernmost county in Virginia. It is bordered by Tennessee to the south and Kentucky to the north and west. The county is bisected by the Powell River and the valley from which the bank takes its name. The population of the county as of the 2010 Census was 25,587. The county is largely rural with a population density of 59 persons per square mile. The county includes the towns of Jonesville, where the main bank branch is located, and Pennington Gap. The county's top employers are the Lee County Board of Education, the U.S. Department of Justice (United States Penitentiary, Lee), and Wal-Mart.

Wise County is northeast of and adjacent to Lee County. It is bordered by Kentucky to the north and west, Scott County to the south, and Dickenson and Russel Counties to the east. The county is located within the Ridge and Valley Province of the Appalachian Mountains, as is Lee County. The population of the county as of the 2010 Census was 41,452. It is more densely populated than Lee County with a population density of 103 persons per square mile. The county includes the towns of Big Stone Gap and Wise. The largest employers in the county are the Wise County Board of Education, the University of Virginia Blue Ridge Hospital, the Red Onion Correctional Center, and the Wallens Ridge Correctional Center.

The independent city of Norton lies within the confines of Wise County, but is not considered part of the county. The population of the city as of the 2010 Census was 3,958. It is the most densely populated geography in the AA with a population density of 529 persons per square mile. The largest employers in Norton are the Norton Community Hospital, Wal-Mart, and Bristol Regional Health System.

The 2015 annual average unemployment rate for Lee and Wise Counties, and the city of Norton were 7.2 percent, 8.3 percent, and 7.0 percent, respectively, compared to 4.4 percent for the State of Virginia and 5.3 percent for the nation. The AA continues to suffer from the effects of the decline in coal and related industries. The area was dealt a further setback in 2013 when the only hospital in Lee County was closed.

Competition within the two AAs is moderate with independent community banks, credit unions, and branches of large regional and national market banks present. Of competitor institutions, Lee Bank and Trust Company, Farmers and Miners Bank, and The Peoples Bank are considered to be similarly situated to PVNB.

Kingsport AA

Table 3 - Demographic Information for Full Scope Area: Kingsport AA					
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #
Geographies (Census Tracts/BNAs)	6	0.00	16.67	83.33	0.00
Population by Geography	23,177	0.00	15.85	84.15	0.00
Owner-Occupied Housing by Geography	7,403	0.00	15.21	84.79	0.00
Business by Geography	984	0.00	9.86	90.14	0.00
Farms by Geography	107	0.00	10.28	89.72	0.00
Family Distribution by Income Level	6,650	23.95	18.00	22.27	35.77
Distribution of Low and Moderate Income Families throughout AA Geographies	2,790	0.00	22.76	77.24	0.00
Median Family Income HUD Adjusted Median Family Income for 2015 Households Below Poverty Level		\$48,038 \$51,800 20%	Median Housing Value Unemployment Rate (2015 Annual Avg.)		\$84,098 5.1%

Source: 2010 U.S. Census; 2015 HUD updated MFI; Bureau of Labor Statistics

This AA is comprised of Scott County, Virginia, which is located within the Kingsport AA. The AA includes the towns of Gate City, Weber City, and Nickelsville. According to the 2010 U.S. Census, the AA has one moderate-income CT and five middle-income CT. None of the middle-income CTs were identified as Distressed or Underserved Middle-Income Nonmetropolitan Geographies for 2015. There are no low- or upper-income CTs within the AA.

Scott County is located in Southwest Virginia on the northern edge of the “Tri-Cities” area. The three cities that lend the area its name are Johnson City, Tennessee, Kingsport, Tennessee, and Bristol, Tennessee/Virginia. Scott County is bordered by Lee County to the west, Wise County to the north, Russel and Washington Counties to the east, and Tennessee to the south. The population of the county as of the 2010 Census was 23,177. It exhibits a population density of 43 persons per square mile. The largest towns in the county are Gate City (population 2,034), and Weber City (population 1,327), both of which are located in the southern part of the county nearest Kingsport. The largest employers in the county are the Scott County Board of Education, Joy Technologies (mining machinery), and Tempur Production (mattress manufacturer).

The 2015 average annual unemployment rate for Scott County was 5.1 percent, compared to 4.4 percent for the State of Virginia and 5.3 percent for the nation. The 2015 annual average unemployment rate for the Kingsport AA was 5.7 percent. According to data published by the Virginia Employment Commission, as of April 2016, the industries with the highest number of unemployment claims are mining and construction. The county’s proximity to Kingsport and the rest of the Tri-Cities area

affords it greater economic opportunity compared to the counties in the Virginia AA, which are generally more isolated.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

PVNB's performance under the lending test is rated "Satisfactory". The bank's LTD ratio is reasonable. A substantial majority of the bank's loans were made inside its AAs. The distribution of home mortgage loans reflects reasonable penetration among low- and moderate-income borrowers. The distribution of loans to businesses reflects excellent penetration among small businesses. The geographic distribution of home mortgage loans and loans to businesses reflects reasonable dispersion of loans in moderate-income geographies.

In evaluating performance under the Lending Test, we considered the institution's business strategy, the volume and type of new originations, and the credit needs of the community as identified through community contacts. Equal weight was given to home mortgage loans and loans to businesses. PVNB's rating is based on the bank's combined performance in the Virginia AA and the Kingsport AA. In our analysis, more weight was given to the Virginia AA as a substantial majority of the bank's loans was made to borrowers in this AA.

Loan-to-Deposit Ratio

PVNB's average LTD ratio is reasonable when compared to similarly situated institutions. The bank's average quarterly LTD ratio over the evaluation period was 68.55. The bank's LTD ratio increased from 62.84 as of March 31, 2013, to 70.47 as of December 31, 2015. The increase in the LTD ratio is attributable to loan growth exceeding deposit growth. Net loans and leases increased 18.83 percent over the evaluation period, while total deposits increased 7.61 percent.

Of competitor institutions, Lee Bank and Trust Company, Farmers and Miners Bank, and The Peoples Bank are similarly situated to PVNB. All three institutions operate main offices in Lee County and are similar in asset size, number of branches, and loan products. The average quarterly LTD ratio for all competitor banks over the evaluation period was 74.31. **Table 4** displays the individual average quarterly LTD ratio for each of the three competitor institutions.

Table 4 - Average Loan-to-Deposit Ratios for Competitor Institutions		
Institution Name	Asset Size (\$000) D2015	Average Quarterly Net Loan to Deposit Ratio
Lee Bank and Trust Co.	\$152,944	80.79
The Peoples Bank	\$116,100	90.90
Farmers and Miners Bank	\$137,084	51.25

Source: Uniform Performance Bank Reports for quarters ended March 31, 2013 through December 31, 2015

Lending in Assessment Areas

In terms of the number of loans, PVNB originated a substantial majority of its loans inside its AAs. To evaluate the bank's performance in this area, we relied upon HMDA-LAR data from January 1, 2013, to December 31, 2015. In addition, we selected a sample of 41 business purpose loans originated during the same period. A substantial majority of all home mortgage loans and business loans were made within the bank's AA. In terms of dollar volume, a majority of loans were made within the bank's AA. In our analysis, we gave greater weight to the number of loans rather than the dollar volume. **Table 5** depicts the bank's performance lending inside of its AAs.

Table 5 - Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	193	82.13	42	17.87	235	16,557	69.86	7,143	30.14	23,700
Home Improvement	146	94.19	9	5.81	155	3,118	90.48	328	9.52	3,446
Home Refinance	132	89.19	16	10.81	148	13,738	48.93	14,340	51.07	28,078
Business	33	80.49	8	19.51	41	5,239	60.82	3,375	39.18	8,614
Totals	504	87.05	75	12.95	579	38,652	60.54	25,186	39.45	63,838

Source: HMDA-LAR data for January 1, 2013 to December 31, 2015 and loan sample

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

The distribution of home mortgage loans reflects reasonable penetration among low- and moderate-income borrowers. The distribution of loans to businesses reflects excellent penetration among small businesses. PVNB's performance meets the standard of satisfactory performance in this area. In our analysis, we gave more weight to the Virginia AA. Ninety-five percent of all home mortgage loans and a substantial majority of loans to businesses were made to borrowers in this AA. Due to the low volume of business loans originated in the Kingsport AA, we did not consider this a primary loan product for this AA.

Virginia AA

The distribution of home mortgage loans to borrowers of different income levels in the AA reflects reasonable penetration. The distribution of loans to businesses in the AA reflects excellent penetration among businesses of different sizes. PVNB's performance meets the standard of satisfactory performance in this AA.

Borrower Distribution of Home Mortgage Loans

The distribution of home mortgage loans in the AA reflects reasonable penetration among borrowers of different income levels. PVNB's performance meets the standard of satisfactory performance in this AA.

The percentage of home purchase loans made to low-income borrowers is well below the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers is below the percentage of moderate-income families in the AA.

The percentage of home improvement loans made to low-income borrowers is near to the percentage of low-income families in the AA. The percentage of home improvement loans made to moderate-income borrowers is near to the percentage of moderate-income families in the AA.

The percentage of home refinance loans made to low-income borrowers is significantly below the percentage of low-income families in the AA. The percentage of home refinance loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

Table 6 depicts the bank’s performance in lending to borrowers of different income levels in the Virginia AA.

Table 6 - Borrower Distribution of Home Mortgage Loans in Virginia AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	25.46	10.96	21.35	17.12	18.05	23.29	35.13	48.63
Home Improvement	25.46	21.97	21.35	21.21	18.05	18.94	35.13	37.88
Home Refinance	25.46	9.52	21.35	21.90	18.05	22.86	35.13	45.71

Source: HMDA-LAR data for January 1, 2013 to December 31, 2015; 2010 U. S. Census

Borrower Distribution of Loans to Businesses

The distribution of loans to businesses in the AA reflects excellent penetration among businesses of different sizes. PVNB’s performance meets the standard for outstanding performance in this AA. To evaluate the bank’s performance in the AA we used the sample of business loans originated in the AA during the evaluation period.

Information on gross annual revenue of commercial borrowers was not available from the bank’s loan data. Therefore, we used loan size as a proxy for business size in our analysis. The results show that 84 percent of all loans to businesses were less than \$250 thousand, while 48 percent were less than \$100,000. This indicates that a substantial majority of loans to businesses were made to small businesses. **Table 7** depicts loans to businesses in the Virginia AA by loan size.

Table 7 - Distribution of Loans to Businesses by Loan Size in Virginia AA				
Loan Size (\$000's)	Number of Loans	Percent of Number (%)	Dollar Volume of Loans (\$)	Percent of Dollar Volume (%)
\$0 - \$100,000	15	48.39	870	17.22
\$100,001 - \$250,000	11	35.48	1,692	33.49
\$250,001 - over	5	16.13	2,490	49.29
Total	31	100.00	5,052	100.00

Source: loan sample

Kingsport AA

The distribution of home mortgage loans in the AA reflects reasonable penetration among borrowers of different income levels. Due to the low volume of business loans originated in the Kingsport AA, we did not consider this a primary loan product for this AA. PVNB's performance meets the standard of satisfactory performance in this AA.

Borrower Distribution of Home Mortgage Loans

The distribution of home mortgage loans in the AA reflects reasonable penetration among borrowers of different income levels. PVNB's performance meets the standard of satisfactory performance in this AA.

The percentage of home purchase loans made to low-income borrowers is significantly below the percentage of low-income families in the AA. The percentage of home purchase loans made to moderate-income borrowers is near to the percentage of moderate-income families in the AA.

The percentage of home improvement loans made to low-income borrowers is below the percentage of low-income families in the AA. The percentage of home improvement loans made to moderate-income borrowers is significantly below the percentage of moderate-income families in the AA. The bank did not make any home improvement loans to borrowers in moderate-income CTs during the evaluation period.

The percentage of home refinance loans made to low-income borrowers is below the percentage of low-income families in the AA. The percentage of home refinance loans made to moderate-income borrowers exceeds the percentage of moderate-income families in the AA.

It should be noted that the sample size for this AA is very small. The bank made 14 home purchase loans, five home improvement loans, and five home refinance loans in the AA during the evaluation period. The bank has only one branch located in this AA and holds less than seven percent of the deposit market share. We also considered that the median family income in the AA is \$51,800, which means that a low-income family earns less than \$25,900 a year. In addition, the poverty rate is 20.1 percent, which is well above the national poverty rate of 15.1 percent for 2010. These factors help to explain the apparent low level of lending in this AA.

Table 8 depicts the bank’s performance in lending to borrowers of different income levels in the Kingsport AA.

Table 8 - Borrower Distribution of Home Mortgage Loans in Kingsport AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% 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	23.95	7.69	18.00	15.38	22.27	30.77	35.77	46.15
Home Improvement	23.95	20.00	18.00	0.00	22.27	60.00	35.77	20.00
Home Refinance	23.95	20.00	18.00	20.00	22.27	0.00	35.77	60.00

Source: HMDA-LAR data for January 1, 2013 to December 31, 2015; 2010 U. S. Census

Geographic Distribution of Loans

The geographic distribution of home mortgage loans and loans to businesses reflects reasonable dispersion of loans in moderate-income geographies. There are no low-income CTs located in either AA. PVNB’s performance meets the standard for satisfactory performance in this area. In our analysis, we gave more weight to loans made in the Virginia AA. Ninety-five percent of all home mortgage loans and a substantial majority of loans to businesses were made to borrowers in this AA. Due to the low volume of business loans originated in the Kingsport AA, we did not consider this a primary loan product for this AA.

Virginia AA

The geographic distribution of home mortgage loans and loans to businesses in the AA reflects reasonable dispersion throughout CTs of different income levels. PVNB’s performance meets the standard for satisfactory performance in this AA

Geographic Distribution of Home Mortgage Loans

The geographic distribution of home mortgage loans in the AA reflects reasonable dispersion throughout census tracts of different income levels, when compared to the percentage of owner-occupied housing. PVNB’s performance meets the standard for satisfactory performance in this AA.

The percentages of home purchase and home improvement loans made to borrowers in moderate-income census tracts are below the percentage of AA owner occupied housing in moderate-income census tracts. The percentage of home refinance loans made to borrowers in moderate-income census tracts is near the percentage of AA owner occupied housing in moderate-income census tracts. There are no low-income census tracts in the AA.

In our analysis, we also considered that all seven middle-income CTs in the AA have been designated either Distressed or Underserved. The percentages of all home mortgage loans made to borrowers in middle-income CTs exceed the percentage of AA owner occupied housing in middle-income CTs. **Table 9** depicts the geographic distribution of home mortgage loans in the Virginia AA.

Table 9 - Geographic Distribution of Home Mortgage Loans in Virginia AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	39.92	32.76	53.89	60.92	6.19	6.32
Home Improvement	0.00	0.00	39.92	24.46	53.89	68.35	6.19	7.19
Home Refinance	0.00	0.00	39.92	35.00	53.89	57.50	6.19	7.50

Source: HMDA-LAR data for January 1, 2013 to December 31, 2015; 2010 U. S. Census

Geographic Distribution of Loans to Businesses

The geographic distribution of loans to businesses in the AA reflects reasonable dispersion throughout CTs of different income levels, when compared to the number of businesses. PVNB's performance meets the standard for satisfactory performance in this AA.

The percentage of loans to businesses in moderate-income CTs is below the percentage of AA businesses in moderate-income CTs. There are no low-income CTs in the AA.

In our analysis, we also considered that all seven middle-income CTs in the AA have been designated either Distressed or Underserved. The percentage of loans to businesses in middle-income CTs exceeds the percentage of AA businesses in middle-income CTs. **Table 10** depicts the geographic distribution of loans to businesses in the Virginia AA.

Table 10 - Geographic Distribution of Loans to Businesses in Virginia AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business	0.00	0.00	40.77	27.27	52.65	72.73	6.59	0.00

Source: Loan sample; 2010 U. S. Census

Kingsport AA

The geographic distribution of home mortgage loans in the AA reflects excellent dispersion throughout CTs of different income levels. Due to the low volume of business loans originated in the Kingsport AA, we did not consider this a primary loan product for this AA. PVNB’s performance meets the standard for outstanding performance in this AA.

Geographic Distribution of Home Mortgage Loans

The geographic distribution of home mortgage loans in the AA reflects excellent dispersion throughout CTs of different income levels, when compared to the percentage of owner-occupied housing. PVNB’s performance meets the standard for outstanding performance in this AA.

The percentages of all home mortgage loans made to borrowers in moderate-income CTs exceed the percentage of AA owner occupied housing in moderate-income CTs. There are no low-income CTs tracts in the AA.

Table 11 depicts the geographic distribution of home mortgage loans in the Kingsport AA.

Table 11 - Geographic Distribution of Home Mortgage Loans in Kingsport AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	15.21	50.00	84.79	50.00	0.00	0.00
Home Improvement	0.00	0.00	15.21	20.00	84.79	80.00	0.00	0.00
Home Refinance	0.00	0.00	15.21	40.00	84.79	60.00	0.00	0.00

Source: HMDA-LAR data for January 1, 2013 to December 31, 2015; 2010 U. S. Census

Responses to Complaints

There have been no complaints regarding PVNB's performance under CRA. This had a neutral impact on the overall CRA rating.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), in determining a national bank's CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or an affiliate whose loans have been considered as part of the bank's lending performance.

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