



PUBLIC DISCLOSURE

July 31, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Fayette County National Bank of Fayetteville
Charter Number 8345

101 North Court Street
Fayetteville, West Virginia 25840

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating: Satisfactory

The Lending Test is rated Satisfactory.

The major factors supporting the institution's overall Community Reinvestment Act (CRA) Lending Test ratings are:

- The Fayette County National Bank of Fayetteville's (FCNB) loan-to-deposit (LTD) ratio is reasonable given the demographics and economic condition of the assessment area (AA), its financial condition, and the availability of lending opportunities in the AA;
- FCNB originated a substantial majority of its home mortgage loans inside its AA;
- FCNB's record of originating home mortgage loans to borrowers of different income levels reflects reasonable penetration among AA geographies;
- FCNB's record of originating home mortgage loans to borrowers of different geographic distribution levels reflects reasonable dispersion among AA geographies; and,
- The bank has had no consumer complaints regarding its community reinvestment performance during the evaluation period.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: 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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act: The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder' and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full 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, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancing, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

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 (MSA): 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 MSA 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.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (call report) 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 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.

Description of Institution

The Fayette County National Bank of Fayetteville is a wholly-owned subsidiary of FCNB Bancorp, a one-bank holding company. The bank's main office and all branch offices are located in Fayette County, West Virginia (WV). FCNB's main office is located in Fayetteville, WV. The bank also operates two full-service branch offices in Ansted and Oak Hill, WV, and an "Express" drive-through facility in Fayetteville, WV.

The bank has not opened any branches since the previous CRA evaluation. The Express facility, located at 314 North Court Street in Fayetteville, WV, was closed September 30, 2016. This branch facility was located in a middle income census tract, approximately one mile from the bank's main office. The bank closed the Express facility due to the low volume of customer activity and the close proximity to the bank's main office.

FCNB operates two depository Automated Teller Machines (ATM) - one located at the main office in Fayetteville, WV and the other at the Oak Hill, WV branch location. The ATM at the Express facility was relocated to the main office location due to the closing of the Express facility in September 2016.

All full-service offices maintain reasonable hours of operation, including Saturday morning hours. FCNB's main office's lobby business hours are 9:00 a.m. to 5:00 p.m., and the drive-through hours are 8:30 a.m. to 5:00 p.m., Monday through Thursday. The lobby hours Monday through Thursday for the two branches are 9:00 a.m. to 4:00 p.m. The Ansted branch offers drive-through hours of 8:30 a.m. to 5:00 p.m., and the Oak Hill branch offers drive-through hours of 8:30 a.m. to 6:00 p.m. On Fridays, the bank offers extended lobby, and drive-through hours at the main office and the two branches, each remaining open until 6:00 p.m. On Saturday mornings, full-service banking and drive-through services are offered at the bank's two branches with the lobby open from 9:00 a.m. to 12:00 p.m., and the drive-through open from 8:30 a.m. to 12:00 p.m. The main office offers drive-through services only on Saturdays from 8:30 a.m. to 12:00 p.m.

FCNB offers a full range of insured deposit products consisting of savings accounts, certificates of deposits, checking accounts, and individual retirement accounts. In addition, FCNB offers a wide variety of loans including commercial, commercial real estate, commercial construction, land, various types of consumer loans, and home mortgage loans. Home mortgage loan products include purchase, refinance, home improvement, and construction of one- to four-family and multi-family dwellings at fixed and adjustable rates. Other services offered include 24-hour telephone banking services, ATM debit cards, VISA check cards, online banking, online bill pay, wire transfers, and safe deposit boxes. The bank's Internet website, <http://www.fcnbonline.com>, provides detailed information on products and services for both consumers and businesses.

As of June 30, 2017, FCNB's total assets were \$89 million with a gross loan portfolio of approximately \$60.8 million, representing 68.3 percent of total assets and total deposits were \$77.7 million, or 87.3 percent of total assets. The primary lending product is home mortgage loans. Home mortgage loans represent 76.24 percent of the loan portfolio, followed by commercial loans at 10.24 percent and consumer loans 5.18 percent. Net tier 1 capital is \$10.9 million as of that same date.

Table 1 below presents a summary of the FCNB's loan types during the evaluation period.

Loan Categories as of the Review Period Date*		
Type of Loan	Balance Outstanding (\$000s)	% of Total \$ Loans
1-4 Family Residential	46,348	76.24
Non-Farm/Non-Residential	6,222	10.24
Loans to Individuals	3,147	5.18
Construction & Land Development	2,667	4.39
Multi-family Residential	973	1.60
Commercial & Industrial	1,040	1.71
Secured by Farmland	636	1.05
Other	17	0.02
Less unearned income on loans	(259)	(0.43)
Total	60,791	100.00

* Schedule RC-C Part 1 - Loans and Leases as reported in the Consolidated Reports of Condition and Income as of June 30, 2017.

There are no financial, legal constraints, or other conditions that would hinder the bank's ability to help meet the credit needs of its AA. FCNB received a satisfactory CRA rating at its last CRA Periodic Evaluation (PE) dated January 7, 2013.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This PE assesses FCNB's performance under the CRA. We performed a full-scope review of the bank's AA, which consists of Fayette County within the Beckley, WV Metropolitan Statistical Area (MSA) #13220.

To perform our evaluation, we utilized the examination procedures for Small Banks. The small bank examination procedures consists of the lending test. The lending test is used to assess the bank's performance meeting the credit needs in its AA through its lending activities. The lending test was limited to home mortgage loans which is the bank's primary loan product and includes home purchase, home improvement, and home mortgage refinance loans. We did not consider small loans to farms and multi-family lending in assessing the bank's performance under the lending test because loan volumes were not significant enough to perform a meaningful analysis. The bank did not provide optional consumer loan data for consideration under the lending test.

The evaluation period under the lending test covers the bank's performance from January 1, 2014 through December 31, 2016.

Data Integrity

FCNB's public lending information is materially accurate. OCC initially validated the accuracy of the bank's lending data in December 2016 and conducted follow up testing of the bank's HMDA Loan Application Register for Years 2014, 2015, and 2016 in April 2017.

Selection of Areas for Full-Scope Review

FCNB has one AA - Fayette County, WV, which is a portion of the Beckley, WV MSA #13220. Therefore, the Fayette County AA was selected for full-scope review.

Ratings

The bank's overall rating is an evaluation of the bank's lending performance in the Fayette County AA.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c) or 195.28(c), respectively, in determining a national bank's 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 assessment area 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.

Conclusions with Respect to Performance Tests

FCNB's performance test conclusion is based on the full-scope review of the bank's AA.

LENDING TEST

The bank's performance under the lending test in the Fayette County AA is rated Satisfactory based on the full-scope review. The institution's LTD ratio is reasonable, and a substantial majority of home mortgage loans are originated inside the AA. The bank's borrower distribution reflects reasonable penetration among borrowers of different incomes. Geographic distribution reflects reasonable dispersion throughout the census tracts of different income levels.

The analysis of data collected and reported by FCNB in accordance with HMDA requirements was performed to assess FCNB's record of distributing its home mortgage loan originations among the Fayette County AA geographies of different income levels. Collected and reported data revealed that FCNB originated 444 home mortgage loans to borrowers in the Fayette County AA during the evaluation period.

The distribution of loans by income level of the borrower received greater consideration than the distribution of loans by income level of the geography. This is due to the low number of moderate-income tracts in the full-scope AA. There are no low-income census tracts in the Fayette County AA; and three of total 12 census tracts, or 25 percent, are designated as moderate-income census tracts. A majority of low- and moderate-income families live in middle-income census tracts in the AA.

Loan-to-Deposit Ratio

FCNB's LTD ratio is reasonable given the institution's size, financial condition, and credit needs. An analysis of FCNB's quarterly LTD ratios from the fourth quarter of 2012 through the second quarter of 2017 reveals that the bank meets the standards for satisfactory performance. The bank's average LTD ratio for these 19 consecutive quarters was 73.32 percent. The bank's quarterly LTD ratios ranged from a quarterly low of 64.94 percent at March 31, 2013, to a quarterly high of 81.15 percent at December 31, 2016. The competitor institutions reported an average LTD ratio of 72.62 percent with a high average LTD ratio of 95.92 percent and a low average LTD ratio of 49.64 percent.

FCNB ranked fourth of the seven institutions considered competitors for deposits in the AA. FCNB's ratio is higher than the one similarly-situated bank in the AA. The Bank of Mount Hope, at \$137 million in assets, offers similar credit products, operates in the same AA, and is considered a small bank under CRA guidelines. The Bank of Mount Hope produced an average LTD ratio of 59.83 percent for the 19 consecutive quarters discussed above.

Lending in Assessment Area

A substantial majority of the home mortgage loans originated during the evaluation periods were within the AA. During the evaluation period, the bank originated 89.52 percent of the home mortgage loans within the AA. FCNB exceeds the standards for satisfactory performance for lending in the AA. There were no conspicuous gaps in the bank's lending patterns.

Table 1 shows the distribution of home mortgage loans originated inside and outside of the bank's AA.

Table 1 - Lending Inside and Outside the Fayette County AA										
Loan Type	Number of Loans					Dollars of Loans (\$,000)				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Home Purchase	157	89.71	18	10.29	175	10,679	87.08	1,585	12.92	12,264
Home Refinance	89	83.96	17	16.04	106	6,502	80.01	1,624	19.99	8,126
Home Improvement	198	92.09	17	7.91	215	5,136	90.44	543	9.56	5,679
Totals	444	89.52	52	10.48	496	22,317	85.61	3,752	14.39	26,069

* Source: HMDA loan data January 1, 2014 through December 31, 2016

Lending to Borrowers of Different Incomes

The distribution of loans, given the demographics of the AA, reflects reasonable penetration among borrowers of different income levels. FCNB's record of lending to borrowers of different income levels meets the standard for satisfactory performance.

Home Mortgage Loans

Table 2 shows the percentage of home mortgage loans that were originated to borrowers of different income levels during the evaluation period.

Table 2 - Borrower Distribution of Home Mortgage Loans in the Fayette County 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	26.09	9.35	18.96	20.14	19.85	27.34	35.09	43.17
Home Refinance	26.09	14.94	18.96	12.64	19.85	31.03	35.09	41.38
Home Improvement	26.09	24.60	18.96	23.53	19.85	22.99	35.09	28.88

* Source: Loan data reported under HMDA for January 1, 2014 through December 31, 2016; 2010 U.S. Census data.

The percentage of home purchase loans is significantly below the percentage of low-income families in the AA. The percentage of home mortgage refinance loans is somewhat below the percentage of low-income families in the AA. However, the number of home improvement loans to low-income borrowers is near to the percentage of low-income families in the AA. The poor distribution of home purchase loans to low-income borrowers is reflective of increasing home prices and the poverty rate in the AA.

The percentage of home purchase loans and home improvement loans originated during the evaluation period exceeds the percentage of moderate-income families in the AA. The percentage of home mortgage refinance loans originated during the evaluation period was below the percentage of moderate-income families in the AA. The bank's penetration among moderate income borrowers is excellent relative to annual earnings, of less than \$36,960, for a moderate-income family.

Opportunities to originate home mortgage loans within the AA may be impacted by housing affordability and banking competition. U.S. Census data for 2010 reports the median housing value within FCNB's AA to be \$67,474. The FFIEC adjusted median family income for 2016 for the AA was \$46,200, which means that a low-income family earns less than \$23,100. Opportunities to originate home mortgage loans within FCNB's AA may also be impacted by demographic factors, including the extent to which the bank's AA population is age 65 or older (16.72 percent), retired (27.09 percent), eligible for social security (43.12 percent), and/or the population that is below poverty level (20.48 percent).

Low credit demand is also being impacted by the level of creditworthy applicants, the lack of demand and the lack of turnover of houses. The 2010 U.S. Census data reports that owner-occupied housing represents 64.14 percent of total housing and the median year built for AA housing is 1963.

Geographic Distribution of Loans

The bank's geographic distribution of loans reflects reasonable dispersion throughout the AA. FCNB's performance meets the standard for satisfactory performance. No conspicuous gaps or areas of low penetration were identified.

Table 3 details the distribution of home mortgage loans originated by FCNB during the evaluation period among AA geographies.

Table 3 - Geographic Distribution of Home Mortgage Loans in the Fayette County 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	0	20.97	13.38	79.03	86.62	0	0
Home Refinance	0	0	20.97	10.11	79.03	89.89	0	0
Home Improvement	0	0	20.97	5.61	79.03	94.39	0	0

* Source: Loan data reported under HMDA for January 1, 2014 through December 31, 2016; 2010 U.S. Census data.

FCNB's geographic dispersion of home mortgage loans is reasonable. There are no low-income geographies in the AA. The distribution of home purchase loans to borrowers in moderate-income geographies was lower than the percentage of owner-occupied housing in moderate-income tracts. The distribution of home improvement and home mortgage refinance loans to borrowers in moderate-income geographies was significantly below the percentage of owner-occupied housing in moderate-income tracts.

The bank's performance is considered reasonable when taking into consideration the relatively low level of owner-occupied housing units in moderate-income tracts; the competition from other institutions; and the location of the bank's branches in relation to the three moderate-income geographies.

Of all owner-occupied housing available within FCNB's AA, the 2010 U.S. census data reports that 20.97 percent (4,683 of 21,742 units) are located within the AA's moderate-income geographies. The vast majority, 79.03 percent of all AA owner-occupied housing, is located within the AA's middle-income geographies. The low number of moderate-income CTs, combined with no low-income CTs in the AA, reduced the bank's opportunities to originate home mortgage loans within those moderate-income geographies.

The three moderate-income geographies are located in the southern and southeastern part of Fayette County. Two of the three moderate-income census tracts are in close proximity to Mount Hope, WV and are better served by a locally owned state bank in Mount Hope as well as banks in adjacent Raleigh County. The third moderate income census tract located in the southeastern area of Fayette County is better served by banks in adjacent Greenbrier County, WV. The geographic distribution of loans reflects a reasonable dispersion throughout the AA by lending in most tracts and the bank's lending pattern does not exhibit any conspicuous gaps or areas of low penetration.

Significant competition inhibits FCNB's ability to make loans in the Fayette County AA. Larger national and regional banks with significantly more market share directly compete with FCNB in the AA. Larger lenders with more capacity and extensive resources offer more aggressive pricing than what FCNB can accommodate because of its size. Many of the larger lenders also have mature First Time Homebuyer programs to attract borrowers. In addition, 20.43 percent of households are below the poverty level. This reduces the 45.05 percent of families that are low- to moderate-income families by income level that may be able to qualify for home ownership. Families living below the poverty level may lack the financial wherewithal to meet underwriting criteria for home mortgage loans.

Responses to Complaints

FCNB did not receive any complaints about its performance in helping to meet credit needs in the AA during this evaluation period. This has a neutral impact on the bank's CRA assessment.

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”).

Time Period Reviewed	Lending Test (excludes CD loans): HMDA Reportable loans for the time period of 1/1/2014 to 12/31/2016	
Financial Institution	Products Reviewed	
Fayette County National Bank of Fayetteville Fayetteville, WV	Home Mortgage loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
<i>[Instructions: Provide only if affiliate products are reviewed.]</i> (Name of Affiliate (Abbreviation))		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
West Virginia Fayette County (MSA #13220)	Full-Scope	Fayette County (Portion of Beckley WV MSA #13220) Census tracts: 201; 202.01; 202.02; 203; 204; 205; 206; 207; 208; 209; 210; 211

Appendix B: Community Profiles for Full-Scope Areas

Fayette County AA

Demographic Information for the Fayette County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	12	0.00	25.00	75.00	0.00	0.00
Population by Geography	46,039	0.00	20.38	79.62	0.00	0.00
Owner-Occupied Housing by Geography	13,946	0.00	20.97	79.03	0.00	0.00
Business by Geography	1,585	0.00	14.70	85.30	0.00	0.00
Farms by Geography	40	0.00	7.50	92.50	0.00	0.00
Family Distribution by Income Level	12,344	26.09	18.96	19.85	35.09	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,562	0.00	28.55	71.45	0.00	0.00
Median Family Income		47,012	Median Housing Value			67,474
FFIEC Adjusted Median Family Income for 2016		46,200	Unemployment Rate			5.1%
Households Below Poverty Level		20.43%				

* The NA category consists of geographies that have not been assigned an income classification. Source: 2010 U.S. Census, and 2016 HUD updated MFI. Unemployment rates taken the Bureau of Labor Statistics

FCNB's AA is comprised of Fayette County, WV in its entirety; and is part of the Beckley, WV MSA #13220. Fayette County is located in the south central portion of the state, approximately 60 miles east of Charleston, the state capital. The bank's headquarters is located in Fayetteville, the seat for county government for Fayette County. The AA meets the requirements of the CRA and does not arbitrarily exclude any low- or moderate-income areas. The demographic characteristics of FCNB's AA are shown above in the table.

Fayette County was formerly located in a non-MSA and eight of the AA's middle-income census tracts were classified as distressed non-metropolitan middle-income tracts by the FFIEC. The distressed designations were based on excessive poverty rates equal to 20.00 percent or more. On February 28, 2013, the Office of Management and Budget (OMB) issued OMB Bulletin 13-01, which revised delineations of the Nation's MSAs. As a result, effective January 1, 2014, Fayette County became part of the Beckley, WV MSA #13220. Since the AA is now in a MSA, starting in 2015, the distressed designation will no longer be applied to the eight middle-income census tracts. However, for 2014, the designations remain given the one-year lag period afforded by the federal regulatory agencies.

Based on 2010 U.S. Census data, the Fayette County AA consists of three moderate-income census tract (25 percent) and nine middle-income census tracts (75 percent). There are no low- or upper-income tracts within the AA. The three moderate-income tracts are located in the southeastern portion of Fayette County. The total population in these census tracts is 9,381 and represents 20.38 percent of the total AA population.

The county has two natural divisions that affect banking and marketing lending products, resulting in three distinct sections of the county. The New River Gorge separates one area into two: a northern and southern section. Most of the population (approximately 62 percent) is in the southern section that includes Fayetteville, Oak Hill, and Mount Hope, all along the Corridor L Highway. The area is further divided between a Valley District and Plateau District, created by the Gauley Mountain range. The northern portion is much more rural and has approximately 38 percent of the population. The bank has a branch located in Ansted, WV in the northern section, and the main bank and Oak Hill branch are located in the southern section. Financial institutions in neighboring counties also serve residents in the less populated CT, especially those in the northern and southern sections along Corridor L Highway and in the Valley District to the west.

The AA economy has experienced modest growth that is a direct result of the travel and tourism industry, which has provided service industry jobs. Fayette County unemployment rates are moderately above the state and national average. As of June 30, 2017, the unemployment rate for Fayette County was 6.1 percent, for WV it was 4.6 percent, and the national unemployment rate was 4.4 percent. The unemployment rate is seasonal and tends to fluctuate throughout the year, reflecting the tourism portion of the economy.

The area's top industries, by distribution of employees, are service and retail trade, and government. Mining and manufacturing play a far less important role to the local economy. The largest employers are Fayette County Board of Education, Mount Olive Correctional Complex, and Wal-Mart Associates, Inc. Competition in this AA is strong and consists of 16 branches of FDIC-insured institutions, representing seven banks varying in asset size. Only one bank, Bank of Mount Hope, is similarly situated in size and local ownership, as all other facilities are branches of larger institutions headquartered elsewhere.

According to the June 30, 2016 FDIC Summary of Deposits Market Share Report, FCNB ranked fourth out of seven institutions in the Fayette County AA, with 16.64 percent of deposits. United Bank ranked first with four offices in the AA and 22.98 percent of the deposits. Other financial institutions include Branch Banking and Trust (BB&T), ranked second with three offices in the AA and 17.66 percent of the deposits, and City National Bank of West Virginia ranked third with two offices in the AA and 17.42 percent of the deposits. Bank of Mount Hope, Inc., a similarly-situated bank, ranked fifth with two offices in the AA and 13.22 percent of the deposits.

Community Contact

We conducted one community contact during this examination with the Director of the Fayette County Chamber of Commerce on August 10, 2017. The Director is located in Oak Hill, WV, and has knowledge of all areas within the AA. The Director identified credit needs for housing and lending programs for small business. The Director indicated the financial intuitions within the AA are readily accessible and adequately meeting the local residential lending needs.