



PUBLIC DISCLOSURE

March 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

TruPoint Bank

Grundy, Virginia

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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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274829

P.O. Box 1010

Grundy, Virginia 24614

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P. O. Box 27622

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated: SATISFACTORY.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and credit needs of the bank's assessment areas.
- Overall, a majority of the loans used in the analysis were outside the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) is considered reasonable overall.
- While the bank's geographic distribution performance (lending in census tracts with different income levels) varies by assessment area, it is considered reasonable overall.
- The bank's community development performance demonstrates adequate responsiveness overall to community development needs of its assessment areas through community development loans, qualified investments, and community development services, considering the bank's capacity and availability of such opportunities in its assessment areas.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

TruPoint Bank (TB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Given its size and branch locations, TB is required to collect and report Home Mortgage Disclosure Act (HMDA) data but is not required to collect or report data on its small business or consumer lending. During 2022, TB was not required to report its residential mortgage lending (HMDA) data because its origination volume was below the reporting threshold. Residential mortgage, small business, and consumer unsecured loans were identified as the primary credit products offered by the bank.

Examiners reviewed the following data when assessing the bank's performance.

- HMDA data reported during 2023,
- All small business and consumer unsecured loans originated and purchased during 2023,
- Community development loans originated from January 31, 2022 – March 3, 2025 (i.e. evaluation period),
- Community development services provided by the bank during the evaluation period, and
- All qualified investments made during the evaluation period, along with existing qualified investments outstanding as of the date of the evaluation regardless of when made.

Because the bank only recently reported its 2024 HMDA data, the bank's residential mortgage lending from 2024 was not included in this evaluation. Because of changing economic conditions, small business and consumer unsecured loan data from 2023, rather than 2024, were also reviewed so that all of the loan data considered occurred during the same timeframe and under the same economic conditions.

To help determine the availability of community development opportunities in the bank's assessment areas, the CRA public evaluations of other financial institutions operating in the assessment areas were reviewed. Additionally, community officials were contacted to learn about local economic conditions and credit needs, performance of the banks in the assessment areas, and potential community development opportunities.

TB is an interstate bank that serves three assessment areas located within the Commonwealth of Virginia and the states of North Carolina and Tennessee. Based upon branch locations, relative market size as determined by loan activity, proportion of bank deposits, and market population, full-scope procedures were applied to all three of the bank's assessment areas.

- Johnson City-Kingsport-Bristol, TN-VA,
- Buchanan, VA Nonmetropolitan Statistical Area (NonMSA), and
- Asheville, NC

Appendix C lists the geographic composition of each of the bank's assessment areas.

An overall rating and ratings for the Lending and Community Development Tests are assigned to the institution, the Commonwealth of Virginia, the State of North Carolina, and the multistate assessment area. The Virginia rating is based solely upon the performance in the Buchanan, VA NonMSA assessment area, while the North Carolina rating is based solely upon the performance in the Asheville, NC assessment area. Appendix D includes additional data about the distribution of lending, branches, and deposits by assessment area.

The bank is headquartered in the Buchanan, VA NonMSA assessment area, which is the bank's original assessment area. Because a majority (58.3%) of the bank's branches and a large majority of the bank's deposits (77.4%) are located in the Buchanan, VA NonMSA assessment area, performance in this assessment area was given more weight when considering the bank's overall performance.

DESCRIPTION OF INSTITUTION

TB is headquartered in Grundy, Virginia and operates 12 branches, all with full-service automatic teller machines, across its three assessment areas. The bank is a wholly owned subsidiary of Miners and Merchants Bancorp, a single-bank holding company, also headquartered in Grundy, Virginia. TB received a Satisfactory rating at its prior CRA evaluation dated January 31, 2022. No known legal impediment exists that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 31, 2024, TB held \$511.1 million in assets, of which 63.2% were net loans and 24.3% were securities. As of the same date, deposits totaled \$445 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, consumer, and small business purposes. The composition of the loan portfolio using gross loans as of December 31, 2024, is represented in the following table.

Composition of Loan Portfolio

Loan Type	12/31/2024	
	\$ (000s)	%
Secured by 1-4 Family dwellings	46,342	14.2
Multifamily	21,723	6.7
Construction and Development	5,305	1.6
Commercial & Industrial/ NonFarm NonResidential	191,006	58.5
Consumer Loans and Credit Cards	61,963	19.0
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	326,339	100.0

As indicated in the preceding table, TB's loan portfolio is concentrated in commercial, consumer, and residential mortgage loans with other loan products comprising a nominal amount. Accordingly, small business lending, which is a subset of commercial lending, consumer unsecured lending, and residential mortgage lending were identified as the bank's primary credit products and included in this analysis.

The bank's loan portfolio includes a mix of originated and purchased loans. As noted in following sections of this performance evaluation, the bank's largest assessment area, the Buchanan, VA NonMSA assessment area, is a slow growing, rural community, which limits the demand for credit. Consequently, TB purchases both small businesses and consumer unsecured loans to supplement its origination volume.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

Overall, the bank is rated Satisfactory as it is rated Satisfactory for both the Lending and Community Development Tests. The Lending Test rating considers the bank's loan-to-deposit ratio, the proportion of lending within its combined assessment areas, borrower and geographic distribution performances, and responses to substantiated CRA-related complaints. The Community Development test considers qualified community development lending, investments, donations, and services by the bank. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

When evaluating the bank's residential mortgage and consumer unsecured lending, relevant area demographic data from the American Community Survey (ACS) is used to estimate potential demand and lending opportunities. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank's performance, relevant area demographic data from the 2020 ACS was used. Additionally, Dun and Bradstreet (D&B) business demographic data from 2023 was also used when evaluating TB's small business lending.

Aggregate loan data is used as a proxy for demand when evaluating the bank's HMDA lending and includes all activity reported by lenders subject to reporting HMDA data within the bank's assessment areas. Similarly, the aggregate small business lending data includes all lenders subject to reporting small business data. Because the bank is not required to report small business loan data, TB's small business loans are not included in the aggregate data.

As required by Regulation C, which implements the Home Mortgage Disclosure Act, HMDA data is reported by loan category. These categories include home purchase, refinance, home improvement, multifamily, purpose not applicable, other closed-end, and other lines of credit (LOC). TB's HMDA data does not include other LOCs because its origination volume of such loans is below the reporting threshold. Consequently, the analysis of HMDA data in this performance evaluation is based on all of the applicable loan categories to the extent that the bank originated or purchased such loans required to be reported.

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated and purchased. To arrive at an overall conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by the dollar volume of such loans made in the assessment area.

When determining overall conclusions for the bank, its performance in each assessment area is generally weighted by the significance of the bank's operations in the assessment area. As previously noted, with a majority of the bank's branches and a large majority of the bank's deposits located in the Buchanan, VA NonMSA assessment area, the bank's performance in this assessment area was weighted more heavily when considering the bank's overall performance.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio, as of December 31, 2024, equaled 72.6 % and averaged 69.6% for the preceding 12-quarter period. In comparison, the quarterly average loan-to-deposit ratios for ten peer banks operating in similar areas as TB ranged from 39.1% to 112.8%, during the same 12-quarter period. Since the previous evaluation, TB's assets, net loans, and deposits decreased by 7.1%, 2.8%, and 6.7%, respectively. From a CRA perspective, the bank's loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Areas

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's 2023 HMDA, small business, and unsecured consumer loans was considered. The lending distribution inside and outside of the bank's assessment areas is represented in the following table.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	12	85.7	2,523	73.1	2	14.3	929	26.9
Home Improvement	2	66.7	83	82.2	1	33.3	18	17.8
Refinancing	1	100.0	38	100.0	0	0.0	0	0.0
Multi-Family Housing	3	60.0	3,020	92.0	2	40.0	261	8.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	1	50.0	18	34.0	1	50.0	35	66.0
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	19	76.0	5,682	82.1	6	24.0	1,243	17.9
Small Business	49	27.5	9,502	43.3	129	72.5	12,451	56.7
Consumer Loans	154	55.4	854	8.1	124	44.6	9,697	91.9
TOTAL LOANS	222	46.2	16,038	40.7	259	53.8	23,391	59.3

As indicated in the table, an overall majority of the bank's loans during 2023 were located outside of the bank's assessment areas (53.8%). As previously noted, the bank's primary assessment area, Buchanan, VA NonMSA, is a slow growing, rural community which limits, to some degree, the viable demand for loans. Consequently, TB has been not only originating but also buying small business and consumer unsecured loans. A large portion of the small business and consumer unsecured loans outside of the bank's assessment areas are purchased loans.

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

The bank's borrower distribution performance is considered reasonable overall. Performance for the Commonwealth of Virginia and the multistate area is reasonable, while performance in the State of North Carolina is poor.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered reasonable in the multistate area, Virginia, and North Carolina. While each assessment area contains moderate-income census tracts, the Buchanan, VA NonMSA assessment area does not contain any low-income census tracts and the Asheville, NC assessment area contains only one low-income census tract.

No significant unexplained gaps in lending were noted within the bank's assessment areas. In general, lending tends to occur around bank branches with less lending occurring in areas distant from bank branches.

Community Development Loans, Investments, and Services

The bank's Community Development Test performance is rated Satisfactory, and its rating in the multistate area, Virginia, and North Carolina are each also rated Satisfactory. The bank faces no constraints preventing it from originating community development loans, making qualified investments, and providing community development services within its assessment areas and larger statewide or regional areas.

The following summarizes the bank's overall community development activity during the review period.

- Community Development Loans – Six totaling \$4 million
- Qualified Investments – Two totaling \$1.2 million
- Qualified Donations – 21 totaling \$48,500
- Community Development Services – 15 bank employees supported 15 different organizations

The qualified investments noted above consist of two Virginia Housing Development Authority affordable housing bonds that benefit borrowers within the Commonwealth of Virginia including two of the bank's assessment areas – Johnson City-Kingsport-Bristol, TN-VA and Buchanan, VA NonMSA. Additional details of community development loans, investments, and services are discussed in the assessment areas where the activities took place.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

MULTISTATE METROPOLITAN AREA

CRA RATING FOR JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA¹: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution is considered excellent for HMDA, small business and unsecured consumer lending within the assessment area.
- The bank's geographic distribution is considered reasonable overall but varied by product from very poor to excellent.
- During the evaluation period, the bank participated in an adequate level of community development activities within the multistate area.

SCOPE OF EXAMINATION

Examiners reviewed the following data when assessing the bank's performance.

- HMDA data reported during 2023,
- All small business and consumer unsecured loans originated and purchased during 2023,
- Community development loans originated during the evaluation period,
- Community development services provided by the bank during the evaluation period, and
- All qualified investments made during the evaluation period, along with existing qualified investments outstanding as the date of the evaluation regardless of when made.

The bank has delineated one assessment area in the Johnson City-Kingsport-Bristol, TN-VA multistate area. Ratings for the multistate area are based solely on the bank's performance in this assessment area and do not consider the bank's performance in other parts of the Commonwealth of Virginia that are not part of this multistate area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN JOHNSON CITY-KINGSPORT-BRISTOL, TN-VA

TB's Johnson City-Kingsport-Bristol, TN-VA assessment area is located in southwestern Virginia and northwestern Tennessee and includes contiguous portions of the Kingsport-Bristol, TN-VA Metropolitan Statistical Area (MSA) and the Johnson City, TN MSA. These two MSAs are a portion of the larger Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area (CSA). The bank's assessment area includes all of the City of Bristol and Washington County, Virginia, and Sullivan and Washington counties, Tennessee. The assessment area does not include all of either MSA or the larger CSA. TB operates four full-service branches within the assessment area. Each branch has an automated teller machine (ATM) onsite.

As of June 30, 2024, TB ranked 14th out of 27 financial institutions in local deposit market share and held 1.1% of the assessment area's deposits (excluding credit union deposits) according to data compiled by the Federal Deposit Insurance Corporation (FDIC). Additionally, according to 2023 aggregate data, the bank ranked 65th out of 353 lenders in reported mortgage lending with a <.1% market share.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained in the multistate metropolitan area.

Community Contact

An economic development official was contacted recently to discuss area economic conditions and community credit needs. The contact stated that there is the potential for significant economic growth in the local area but suggested that the limited amount of affordable single- and multi-family housing inhibits area growth. To promote the revitalization of the downtown district, the cities of Bristol, Tennessee and Virginia, along with the Bristol Chamber of Commerce launched The Bristol Downtown Redevelopment Loan Pool Program. The Loan Pool provides low interest loans to property owners and small businesses to finance start-up and acquisition costs. Loan proceeds must be used to improve commercial or mixed-use property located in the Downtown Redevelopment Area. The official noted that local financial institutions were supportive of local businesses and local economic development initiatives and was unaware of any discriminatory practices taking place at the financial institutions.

Demographic Data

2023 Johnson City-Kingsport-Bristol, TN - VA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	4	4.3	2,494	2.6	979	39.3	19,655	20.6
Moderate	19	20.7	15,651	16.4	2,983	19.1	15,931	16.7
Middle	42	45.7	48,307	50.6	4,968	10.3	19,308	20.2
Upper	26	28.3	29,092	30.4	1,389	4.8	40,650	42.5
Unknown	1	1.1	0	0.0	0	0.0	0	0.0
Total AA	92	100.0	95,544	100.0	10,319	10.8	95,544	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	5,740	1,375	1.3	24.0	3,494	60.9	871	15.2
Moderate	33,550	14,301	13.7	42.6	14,366	42.8	4,883	14.6
Middle	82,819	55,554	53.2	67.1	17,594	21.2	9,671	11.7
Upper	48,900	33,265	31.8	68.0	10,885	22.3	4,750	9.7
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	171,009	104,495	100.0	61.1	46,339	27.1	20,175	11.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	776	5.8	682	5.6	80	7.8	14	12.4
Moderate	2,483	18.6	2,252	18.5	220	21.5	11	9.7
Middle	5,797	43.5	5,301	43.5	437	42.7	59	52.2
Upper	4,237	31.8	3,926	32.2	282	27.6	29	25.7
Unknown	23	0.2	19	0.2	4	0.4	0	0.0
Total AA	13,316	100.0	12,180	100.0	1,023	100.0	113	100.0
Percentage of Total Businesses:				91.5		7.7		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.3	1	0.3	0	0.0	0	0.0
Moderate	28	8.5	24	7.7	1	25.0	3	21.4
Middle	205	62.1	195	62.5	2	50.0	8	57.1
Upper	96	29.1	92	29.5	1	25.0	3	21.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	330	100.0	312	100.0	4	100.0	14	100.0
Percentage of Total Farms:				94.5		1.2		4.2
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Based on 2020 ACS data, the assessment area served by the bank has a total population of 362,318 and a median housing value of \$155,009. Within the assessment area, the owner-occupancy rate equals 61.1% which approximates the owner-occupancy rate for the Johnson City, TN MSA (59.1%), Kingsport-Bristol, TN-VA MSA (62.9%), the Commonwealth of Virginia (60%), and the State of Tennessee (58.6%). The percentage of families living below the poverty level in the assessment area (10.8%) is similar to the rates in the Johnson City, TN MSA (11.5%), the Kingsport-Bristol, TN-VA MSA (11.6%), and the State of Tennessee (10.6%) but is substantially higher than the rate for the Commonwealth of Virginia (6.8%). The median family income for the Johnson City, TN MSA and the Kingsport-Bristol-Bristol, TN-VA MSA during 2023 equaled \$77,800 and \$74,600, respectively.

Johnson City-Kingsport-Bristol, TN - VA Assessment Area Population Change			
Area	2015 Population	2020 Population	Percent Change
Johnson City-Kingsport-Bristol, TN - VA AA	354,352	362,318	2.2%
Sullivan County, TN	156,752	158,163	0.9%
Washington County, TN	125,317	133,001	6.1%
Washington County, VA	54,759	53,935	-1.5%
Bristol City, VA	17,524	17,219	-1.7%
Kingsport-Bristol, TN-VA MSA	308,200	307,614	-0.2%
Tennessee	6,499,615	6,910,840	6.3%
Virginia	8,256,630	8,631,393	4.5%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

As indicated by the table, the population within the overall assessment area has grown at a slower rate than the growth in Tennessee and Virginia overall. When considering areas within the assessment area, Washington County, TN, accounts for a majority of the overall growth within the assessment area, while population in the Virginia portion of the assessment area has shrunk. The difference in population growth within the assessment area may contribute to differences in the demand for credit for the municipality that is growing versus the areas that are experiencing net population decline.

Johnson City-Kingsport-Bristol, TN - VA Assessment Area Employees by Industry								
	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Government								
Government Total, all industries	23,572	22,841	24,343	23,799	24,158	23,210	25,057	24,869
Private Sector								
Private Sector Total, all industries	137,440	138,909	140,098	138,481	140,199	140,987	141,406	138,683
Agriculture, forestry, fishing and hunting	220*	216*	214*	217*	247*	279*	275*	287
Mining, quarrying, and oil and gas extraction	113*	110*	113*	110*	111*	105*	98*	108*
Utilities	201*	201*	208*	208*	212*	220*	216*	258*
Construction	6,462*	6,689*	6,846*	6,779*	7,005*	7,106*	7,086*	6,893*
Manufacturing	20,656	20,929	20,992	20,807	20,810	20,731	20,480	20,443
Wholesale trade	5,081	4,761*	4,805*	5,150*	5,106*	5,191*	5,262*	4,877*
Retail Trade	21,484	21,297	22,027	21,315	21,197	21,168	21,858	21,348
Transportation and warehousing	4,379*	5,038	5,247	5,114	4,869	4,929	5,188	5,026
Information	1,836	1,746*	1,691*	1,778	1,778	1,799	1,789	1,670
Finance and insurance	5,777	5,980	6,076	5,898	5,834	5,785	5,721	4,148
Real estate and rental and leasing	1,381	1,422	1,409	1,440	1,481	1,496	1,482	1,490
Professional and technical services	5,860	5,874	5,487*	5,305*	5,814	5,367*	5,856	5,900
Management of companies and enterprises	2,415*	2,941	2,459*	2,537*	2,599*	2,677*	2,783*	3,321
Administrative and waste services	11,005*	11,419	11,271	10,875	10,286*	10,932	10,274*	11,431
Educational services	1,357	1,404	1,509	1,539	1,479	1,504	1,513	1,536
Health care and social assistance	24,289	24,605	24,545	24,692	24,938	25,260	25,488	25,472
Arts, entertainment, and recreation	1,958	1,994	1,525	1,413	1,953*	1,916*	1,470*	1,521*
Accommodation and food services	17,186	17,517	17,815	17,746	16,567*	16,609*	16,764*	16,349*
Other services, except public administration	3,832	3,787	3,859	3,812	3,875	3,883	3,865	3,809
Public administration	0	0	0	0	0	0	0	0
Unclassified	255	224*	205*	160	207	298	207	218
<i>Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages</i> <i>* indicates that some or all of the data for this category was suppressed for confidentiality reasons</i>								

The bank's market area offers a variety of employment opportunities. In addition to local government and school boards, major employers include those within manufacturing, healthcare, retail, and food and accommodation services.

Johnson City-Kingsport-Bristol, TN - VA Assessment Area Unemployment Rates					
Area	2019	2020	2021	2022	2023
Johnson City-Kingsport-Bristol, TN - VA AA	3.5%	6.7%	4%	3.3%	3.3%
Sullivan County, TN	3.6%	7.1%	4.4%	3.5%	3.5%
Washington County, TN	3.4%	6.3%	3.7%	3.2%	3.3%
Washington County, VA	3.3%	6.0%	3.6%	2.8%	2.9%
Bristol City, VA	3.7%	7.8%	4.7%	3.3%	3.7%
Kingsport-Bristol, TN-VA MSA	3.6%	6.9%	4.3%	3.4%	3.4%
Tennessee	3.3%	7.4%	4.5%	3.4%	3.3%
Virginia	2.8%	6.4%	3.9%	2.8%	2.9%
Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics					

Area unemployment rates rose sharply during 2020 as a result of the COVID-19 pandemic. Since 2020, area unemployment rates have generally returned to pre-pandemic levels. Current unemployment rates within the communities making up the assessment area are similar to the overall unemployment rates in Virginia and Tennessee suggesting that the local economy is as strong as the broader statewide economies. Annual unemployment data from 2024 is not included as it is not yet available.

Johnson City-Kingsport-Bristol, TN – VA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Johnson City-Kingsport-Bristol, TN - VA AA	68.1%	33.9%	37.4%	53.1%	26.1%	15.6%
Sullivan County, TN	66.4%	34.3%	36.8%	52.0%	25.1%	15.7%
Washington County, TN	72.0%	37.5%	41.1%	55.9%	26.9%	15.2%
Washington County, VA	57.9%	26.1%	25.7%	49.9%	24.3%	15.5%
Bristol City, VA	67.3%	11.9%	37.5%	57.9%	38.1%	18.1%
Kingsport-Bristol, TN-VA MSA	64.1%	26.8%	34.1%	48.4%	22.4%	15.2%
Tennessee	72.4%	45.0%	40.9%	55.2%	28.8%	16.7%
Virginia	77.1%	47.8%	42.1%	61.2%	35.6%	18.9%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Data from the preceding table indicates that rental (68.1%) and mortgage (53.1%) costs account for a larger portion of low-income residents' income within the assessment area than moderate-income residents (33.9% and 26.1%). Within the assessment area, rental housing is more affordable overall in Washington County, VA (25.7%), while homeownership is more affordable in Washington County, TN (15.2%). Overall, housing within the assessment area is more affordable than within the larger statewide areas. However, an economic development official knowledgeable of the assessment area stated that the supply of affordable housing is limited within the local market.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The Lending Test for the Johnson City-Kingsport-Bristol, TN-VA assessment area is rated Satisfactory. The Community Development Test is also rated Satisfactory. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Within the assessment area, the bank originated HMDA loans totaling \$1.9 million, small business loans totaling \$3.4 million and unsecured consumer loans totaling \$48,000 during 2023. Accordingly, the bank's small business lending performance is generally given the most weight when evaluating the bank's overall lending performance.

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

The bank's borrower distribution is considered excellent overall and for each product evaluated within the assessment area.

Distribution of 2023 Home Mortgage Lending By Borrower Income Level Assessment Area: Johnson City-Kingsport-Bristol, TN - VA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	##%	##%	\$(000)	%	%	
Low	0	0.0	7.1	0	0.0	2.9	20.6
Moderate	1	33.3	17.1	948	73.3	11.1	16.7
Middle	1	33.3	22.8	49	3.8	19.5	20.2
Upper	1	33.3	40.1	296	22.9	51.4	42.5
Unknown	0	0.0	13.0	0	0.0	15.1	0.0
Total	3	100.0	100.0	1,293	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding. Multifamily loans are not included in the borrower distribution analysis.							

As evidenced by the table above, the bank's volume of HMDA lending in 2023 was limited. While no loans were originated to low-income borrowers, the percentage of area low-income families (20.6%) and aggregate lending level of 7.1% in the assessment area demonstrate that lending opportunities exist for these borrowers. Given the relatively small number of loans reported by the bank with the assessment area, the absence of lending to low-income borrowers is not considered a critical deficiency. TB's lending to moderate-income borrowers (33.3%) significantly exceeds both the percentage of area moderate-income families (16.7%) and aggregate lending levels to such borrowers (17.1%). Overall, the bank's performance is considered excellent because of the bank's performance when lending to moderate-income borrowers.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Johnson City-Kingsport-Bristol, TN - VA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	12	66.7	53.1	2,865	83.7	43.6	91.5
Over \$1 Million	5	27.8		530	15.5		7.7
Revenue Unknown	1	5.6		29	0.8		0.8
Total	18	100.0		3,424	100.0		100.0
By Loan Size							
\$100,000 or Less	12	66.7	91.2	528	15.4	32.4	
\$100,001 - \$250,000	2	11.1	4.6	414	12.1	17.8	
\$250,001 - \$1 Million	4	22.2	4.2	2,482	72.5	49.8	
Total	18	100.0	100.0	3,424	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	8	66.7		383	13.4		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	4	33.3		2,482	86.6		
Total	12	100.0		2,865	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

While the bank's level of lending to businesses with annual revenues of \$1 million or less during 2023 (66.7%) lagged the percentage of area businesses having revenues of \$1 million or less (91.5%), it exceeded the aggregate lending level (53.1%). The remaining percentage of small business loans reported by the aggregate lenders either had revenue exceeding \$1 million per year or revenues were unknown. With respect to the distribution by loan amount, 66.7% of the bank's small business loans were in amounts of \$100,000 or less, compared to 91.2% of such lending by the aggregate reporters. Overall, based primarily on lending distribution by revenue in relation to the aggregate lending data, the bank's performance is considered excellent.

Distribution of 2023 Other-Unsecured Lending By Borrower Income Level					
Assessment Area: Johnson City-Kingsport-Bristol, TN - VA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	#%	\$(000)	\$%	
Low	4	50.0	21	43.8	22.7
Moderate	3	37.5	21	43.8	16.3
Middle	1	12.5	6	12.5	17.3
Upper	0	0.0	0	0.0	43.8
Unknown	0	0.0	0	0.0	1.5
Total	8	100.0	48	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

TB's lending to low-income borrowers (50%) significantly exceeded the percentage of low-income households in the assessment area (22.7%). Similarly, the bank's lending to moderate-income borrowers (37.5%) also significantly exceeded the percentage of moderate-income households within the assessment area (16.3%). The bank's performance is excellent.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered excellent for HMDA lending, poor for small business lending and very poor for unsecured consumer lending. Considering the relative performance levels and dollar volume of each product, TB's geographic distribution performance is considered reasonable overall.

While a low volume of lending was noted in Sullivan County, TN, the bank does not operate any branches within the county. Within the assessment area, TB's operates two branches in Washington County, VA, one branch in the City of Bristol, VA, and one branch in Washington County, TN. The bank's lending tends to be located around its branch locations. Consequently, bank lending Sullivan County, TN, did not negatively impact the geographic distribution performance conclusion within the assessment area.

Distribution of 2023 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Johnson City-Kingsport-Bristol, TN - VA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	1	25.0	2.1	49	2.6	2.4	1.3
Moderate	0	0.0	16.7	0	0.0	14.0	13.7
Middle	0	0.0	45.9	0	0.0	43.0	53.2
Upper	3	75.0	35.2	1,804	97.4	40.7	31.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	4	100.0	100.0	1,853	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

During 2023, TB's lending in low-income census tracts (25%) significantly exceeded both the percentage of owner-occupied housing units (1.3%), and the aggregate level of lending (2.1%) located in such tracts. Conversely, TB did not originate any loans in moderate-income census tracts in 2023. However, the percentage of owner-occupied units (13.7%) and the aggregate lending level (16.7%) indicate that opportunities for lending exist. While based on a limited volume of overall lending, the bank's HMDA performance is considered excellent because of its lending in the low-income census tract.

Distribution of 2023 Small Business Lending By Income Level of Geography							
Assessment Area: Johnson City-Kingsport-Bristol, TN - VA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	3.3	0	0.0	4.2	5.8
Moderate	2	11.1	15.5	1,109	32.4	18.5	18.6
Middle	9	50.0	45.0	1,498	43.8	42.8	43.5
Upper	7	38.9	35.7	816	23.8	34.3	31.8
Unknown	0	0.0	0.2	0	0.0	0.1	0.2
Tract-Unk	0	0.0	0.3	0	0.0	0.0	
Total	18	100.0	100.0	3,424	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

During 2023, TB reported no small business loans in low-income census tracts (0%), which lagged both the aggregate lending level (3.3%) and the percentage of owner-occupied units (5.8%) in such tracts. The bank's small business lending in moderate-income census tracts (11.1%) also lagged the percentage of area businesses (18.6%) and the aggregate level of lending (15.5%) in such tracts. The bank's small business lending performance is considered poor.

Distribution of 2023 Other-Unsecured Lending By Income Level of Geography					
Assessment Area: Johnson City-Kingsport-Bristol, TN - VA					
Geographic Income Level	Bank Loans				Households %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	3.2
Moderate	0	0.0	0	0.0	19.0
Middle	6	75.0	35	72.9	48.5
Upper	2	25.0	13	27.1	29.3
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	8	100.0	48	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Demographic data indicates that 3.2% and 19%, respectively, of households reside within the assessment area's low- and moderate-income census tracts. However, no unsecured consumer loans were originated by TB within the low- and moderate-income census tracts in the assessment area during 2023. The bank's performance is considered very poor.

Community Development Loans, Investments, and Services

Overall, the bank demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities that support area organizations and facilitate community development within the assessment area during the review period.

Discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions operating within the assessment area indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, or services consistent with its capacity and available opportunities.

The following community development activities were performed within the Johnson City-Kingsport-Bristol, TN-VA assessment area during the review period.

- Community Development Loans – One loan (\$725,000) to an organization that provides medical services to low- and moderate-income individuals.
- Qualified Donations – Five donations (\$5,000) were made to qualifying organizations that provided community services to low- and moderate-income residents.
- Community Development Services – Six employees provided community development services to five different organizations that offer community services or provide financial education to area low- and moderate-income residents.

As previously mentioned, the bank also maintains two qualified investments totaling \$1.2 million which support affordable housing within the Commonwealth of Virginia, which includes portions of this assessment area.

COMMONWEALTH OF VIRGINIA

CRA RATING FOR Virginia²: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution performance is considered reasonable for HMDA lending and excellent for unsecured consumer and small business lending. Overall, the bank's borrower distribution performance is considered excellent.
- The bank's geographic distribution performance is considered reasonable for HMDA and unsecured consumer lending and excellent for small business lending. Overall, the bank's geographic distribution performance is considered reasonable.
- During the evaluation period, the bank participated in an adequate level of community development activities within Virginia.

SCOPE OF EXAMINATION

Examiners reviewed the following data when assessing the bank's performance.

- HMDA data reported during 2023,
- All small business and consumer unsecured loans originated and purchased during 2023,
- Community development loans originated during the evaluation period,
- Community development services provided by the bank during the evaluation period, and
- All qualified investments made during the evaluation period, along with existing qualified investments outstanding as the date of the evaluation regardless of when made.

The bank delineated one assessment area (Buchanan, VA NonMSA) in the Commonwealth of Virginia. Statewide ratings for Virginia are based solely on the bank's performance in this assessment area. As previously stated, the bank's performance within the Virginia portion of the Johnson City-Kingsport-Bristol, TN-VA is considered in the evaluation of the multistate metropolitan area and is not a factor in the evaluation of the bank's performance in the Commonwealth of Virginia.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN BUCHANAN, VA NONMSA

TB's Buchanan, VA NonMSA assessment area is located in southwestern Virginia and consists of the City of Norton, Virginia, and Buchanan, Dickenson, Russell, Tazewell, and Wise counties, Virginia. Within this assessment area, TB operates seven full-service branches, and six of seven branches have ATMs located onsite.

As of June 30, 2024, TB ranked 4th out of 16 financial institutions in local deposit market share according to data compiled by the FDIC and held 10.1% of the assessment area's local deposits (excluding credit union deposits). Additionally, according to 2023 aggregate data, the bank ranked 22nd out of 137 lenders in reported mortgage lending with a 0.7% market share.

Community Contact

An individual from an organization that provides community services was contacted recently to discuss area conditions, needs, and opportunities. The individual contacted spoke about funding shortfall that many community service organizations are facing, and that the demand for services exceeds local resources. The individual noted an aging population, limited employment opportunities, and the severe harm of an addiction epidemic in the local area. In addition, housing stock is older and not well maintained, and the supply of rental housing is limited. Overall, economic conditions were described as "poor." The individual suggested a need for additional financial education programs but was unaware of any discriminatory practices taking place at local financial institutions and generally believed that area credit needs are being met.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states 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.

Demographic Data

2023 Buchanan County, VA NonMSA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	10,163	26.9
Moderate	22	48.9	18,472	49.0	3,214	17.4	8,209	21.8
Middle	22	48.9	18,521	49.1	2,532	13.7	7,565	20.1
Upper	1	2.2	725	1.9	49	6.8	11,781	31.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	45	100.0	37,718	100.0	5,795	15.4	37,718	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	0	0	0.0	0.0	0	0.0	0	0.0
Moderate	36,843	21,298	50.0	57.8	7,428	20.2	8,117	22.0
Middle	35,159	20,313	47.7	57.8	7,902	22.5	6,944	19.8
Upper	1,429	957	2.2	67.0	238	16.7	234	16.4
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	73,431	42,568	100.0	58.0	15,568	21.2	15,295	20.8
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1,664	41.1	1,491	41.2	139	39.5	34	45.9
Middle	2,232	55.1	1,988	54.9	205	58.2	39	52.7
Upper	153	3.8	144	4.0	8	2.3	1	1.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	4,049	100.0	3,623	100.0	352	100.0	74	100.0
Percentage of Total Businesses:				89.5		8.7		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	50	36.5	50	36.8	0	0.0	0	0.0
Middle	81	59.1	80	58.8	0	0.0	1	100.0
Upper	6	4.4	6	4.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	137	100.0	136	100.0	0	0.0	1	100.0
Percentage of Total Farms:				99.3		0.0		0.7
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Based on 2020 ACS data, the assessment area served by the bank has a total population of 140,506 and a median housing value of \$88,931. Within the assessment area, the owner-occupancy rate is 58%, which is less than the owner-occupancy rate for the Commonwealth of Virginia (60%), but similar to the rate for the nonmetropolitan areas of Virginia (56.7%). The percentage of families living below the poverty level in the assessment area (15.4%) is significantly higher than the rates in both the Commonwealth of Virginia (6.8%) and in nonmetropolitan areas of Virginia (11.5%). The median family income for nonmetropolitan areas of Virginia during 2023 equaled \$73,800.

According to data published by the FFIEC in 2023, the two middle-income census tracts within Buchanan County are designated as distressed because of high poverty rates and population loss and are also designated as underserved. Additionally, the one middle-income census tract in the City of Norton is designated as distressed because of a comparatively high poverty rate. Census tracts are designated as underserved when they are located in predominately rural areas that are distant from population centers and may lack access to certain services.

Buchanan County, VA NonMSA Population Change			
Area	2015 Population	2020 Population	Percent Change
Buchanan County, VA NonMSA AA	155,601	140,506	-9.7%
Buchanan County, VA	23,486	20,355	-13.3%
Dickenson County, VA	15,463	14,124	-8.7%
Russell County, VA	28,245	25,781	-8.7%
Tazewell County, VA	43,870	40,429	-7.8%
Wise County, VA	40,530	36,130	-10.9%
Norton city, VA	4,007	3,687	-8.0%
NonMSA Virginia	1,076,097	1,050,662	-2.4%
Virginia	8,256,630	8,631,393	4.5%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

As indicated in the table, the population within the assessment area declined at a rate (-9.7%) that exceeds the population decline in nonmetropolitan areas of Virginia (-2.4%). In addition, the commonwealth's overall population increased by 4.5% during the five-year period from 2015 to 2020. While not indicated in the table, an individual contacted to discuss the local community said the population decline includes working age people that leave the area for employment opportunities which can lead to a lower demand for credit within the community.

Buchanan County, VA NonMSA Employees by Industry								
	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Government								
Government Total, all industries	11,390	10,631	11,419	11,298	11,480	10,664	11,659	11,422
Private Sector								
Private Sector Total, all industries	32,427	32,405	32,583	32,193	32,172	32,097	32,252	31,986
Agriculture, forestry, fishing and hunting	81*	69*	76*	80*	78*	79*	81*	68*
Mining, quarrying, and oil and gas extraction	1,335*	669*	688*	639*	635*	627*	625*	618*
Utilities	202*	205*	203*	205*	206*	203*	204*	203*
Construction	1,743	1,844	1,866	1,732*	1,782*	1,749*	1,719*	1,669*
Manufacturing	2,435	2,386	2,369	2,406	2,304	2,309	2,294	2,265
Wholesale trade	960*	978*	969*	941*	984*	1,007*	1,019*	1,001*
Retail Trade	6,851	6,839	6,955	6,859	6,802	6,821	6,902	6,776
Transportation and warehousing	424*	418*	443*	440*	435*	429*	443*	478*
Information	218*	240	209*	216	185*	178*	148*	183*
Finance and insurance	825*	829*	826*	833*	837*	901	839*	866
Real estate and rental and leasing	239*	224*	211*	190*	215	203	204	204
Professional and technical services	1,501	1,474	1,419	1,399*	1,375*	1,347*	1,419	1,383*
Management of companies and enterprises	371*	345*	339*	339*	332*	310*	302*	289*
Administrative and waste services	1,752*	1,708*	1,785*	1,728*	1,506*	1,392*	1,322*	1,297*
Educational services	171*	459*	537*	485*	170*	414*	181*	511*
Health care and social assistance	2,975*	4,848*	4,865*	4,815*	2,872*	4,886*	2,970*	4,925*
Arts, entertainment, and recreation	140*	139*	80*	81*	103*	106*	110*	83*
Accommodation and food services	2,638*	2,410*	1,535*	2,360*	1,510*	1,547*	2,435*	2,524*
Other services, except public administration	957	978	1,000	981	1,017	1,010	1,007	991
Public administration	0	0	0	0	0	0	0	0
Unclassified	121*	199	111*	174	165	198*	144*	137*
Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages * indicates that some or all of the data for this category was suppressed for confidentiality reasons								

Local county government and school boards provide a large portion of employment opportunities for residents. In addition, the retail trade, healthcare, manufacturing, construction, and accommodation and food service industries provide many of the local area's employment opportunities.

Buchanan County, VA NonMSA Unemployment Rates					
Area	2019	2020	2021	2022	2023
Buchanan County, VA NonMSA AA	4.5%	7.9%	5.2%	4%	4.1%
Buchanan County, VA	5.5%	9.8%	6.6%	4.6%	4.4%
Dickenson County, VA	4.9%	8.2%	5.3%	4.2%	4.4%
Russell County, VA	4.1%	6.9%	4.3%	3.4%	3.6%
Tazewell County, VA	4.3%	7.9%	5.2%	4.1%	4%
Wise County, VA	4.6%	7.8%	5.2%	4%	4.2%
Norton City, VA	3.6%	7.6%	4.9%	3.7%	4.1%
NonMSA Virginia	3.5%	7%	4.4%	3.3%	3.4%
Virginia	2.8%	6.4%	3.9%	2.8%	2.9%
Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics					

Area unemployment rates rose sharply during 2020 as a result of the COVID-19 pandemic. Since 2020, area unemployment rates have generally returned to pre-pandemic levels. Current unemployment rates within the communities making up the assessment area exceed the unemployment rates in nonmetropolitan areas of Virginia along with the overall state. Persistently elevated unemployment rates can indicate a weaker local economy which can negatively impact the viable demand for credit. Annual unemployment data from 2024 is not included as it is not yet available.

Buchanan County, VA NonMSA Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Buchanan County, VA NonMSA AA	55.5%	17.0%	32.3%	45.5%	16.4%	15.5%
Buchanan County, VA	53.4%	0.0%	31.8%	47.6%	13.6%	18.5%
Dickenson County, VA	54.1%	35.6%	38.0%	36.3%	11.0%	15.0%
Russell County, VA	52.9%	2.9%	26.9%	42.0%	10.3%	12.6%
Tazewell County, VA	62.6%	16.0%	31.5%	49.7%	27.0%	17.0%
Wise County, VA	55.8%	19.5%	33.0%	47.7%	13.9%	15.3%
Norton City, VA	41.5%	81.8%	43.4%	40.0%	14.3%	6.3%
NonMSA Virginia	65.2%	30.3%	36.2%	50.9%	23.8%	17.3%
Virginia	77.1%	47.8%	42.1%	61.2%	35.6%	18.9%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

Data from the preceding table indicates that rental (55.5%) and mortgage (45.5%) costs account for a larger portion of low-income residents' income within the assessment area than moderate-income residents (17% and 16.4%). Within the assessment area, rental housing is more affordable overall in Russell County, VA (26.9%), while homeownership is more affordable in the City of Norton, VA (6.3%). Overall, housing within the assessment area is somewhat more affordable than within nonmetropolitan areas of Virginia and the larger statewide area. While area housing may be more affordable, an individual knowledgeable of the local community said that the supply of affordable housing is limited, and that housing stock tends to be older with some properties in poor condition.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The Lending Test for the Commonwealth of Virginia is rated Satisfactory. The Community Development Test is also rated Satisfactory. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

During 2023, the bank originated HMDA loans totaling \$409,000, unsecured consumer loans totaling \$806,000 and small business loans totaling \$1.1 million within the assessment area. Accordingly, the bank's small business lending performance is generally weighted more heavily when considering TB's overall lending performance.

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

The bank's overall borrower distribution performance is considered excellent. From a loan product perspective, TB's HMDA performance is reasonable, while its small business and unsecured consumer performances are excellent. In reaching the overall conclusion, more weight was placed on the bank's small business and unsecured consumer lending performances given the larger dollar volume of such lending within the assessment area.

Distribution of 2023 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Buchanan County, VA NonMSA							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	2	20.0	10.3	94	23.0	5.9	26.9
Moderate	1	10.0	24.2	35	8.6	19.3	21.8
Middle	4	40.0	23.7	139	34.0	23.1	20.1
Upper	3	30.0	26.9	141	34.5	36.1	31.2
Unknown	0	0.0	14.9	0	0.0	15.6	0.0
Total	10	100.0	100.0	409	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

The bank's level of lending to low-income borrowers (20%) lagged the percentage of low-income families in the area (26.9%) but exceeded the aggregate level of lending (10.3%) to such borrowers. The bank's lending to moderate-income borrowers (10%) lagged both the percentage of moderate-income families in the area (21.8%) and the aggregate level of lending (24.2%) to such borrowers. Overall, the bank's performance is considered reasonable largely because of the bank's low-income lending performance.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Buchanan County, VA NonMSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	
By Revenue							
\$1 Million or Less	13	76.5	60.4	548	50.9	46.3	89.5
Over \$1 Million	3	17.6		478	44.4		8.7
Revenue Unknown	1	5.9		50	4.6		1.8
Total	17	100.0		1,077	100.0		100.0
By Loan Size							
\$100,000 or Less	15	88.2	92.2	678	63.0	42.3	
\$100,001 - \$250,000	2	11.8	4.7	399	37.0	19.9	
\$250,001 - \$1 Million	0	0.0	3.0	0	0.0	37.8	
Total	17	100.0	100.0	1,077	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	13	100.0		548	100.0		
\$100,001 - \$250,000	0	0.0		0	0.0		
\$250,001 - \$1 Million	0	0.0		0	0.0		
Total	13	100.0		548	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

While the bank's level of lending to businesses with annual revenues of \$1 million or less during 2023 (76.5%) lagged the percentage of area businesses having revenues of \$1 million or less (89.5%), it exceeded the aggregate lending level (60.4%). The remaining percentage of small business loans reported by the aggregate lenders either had revenue exceeding \$1 million per year or revenues were unknown. With respect to the distribution by loan amount, 88.2% of the bank's small business loans were in amounts of \$100,000 or less, compared to 92.2% of such lending by the aggregate reporters. Overall, the bank's performance is considered excellent.

Distribution of 2023 Other-Unsecured Lending By Borrower Income Level					
Assessment Area: Buchanan County, VA NonMSA					
Borrower Income Level	Bank Loans				Households by Household Income %
	#	%	\$(000)	%	
Low	55	37.7	221	27.4	32.3
Moderate	53	36.3	245	30.4	17.5
Middle	20	13.7	120	14.9	17.2
Upper	15	10.3	188	23.3	33.0
Unknown	3	2.1	32	4.0	0.0
Total	146	100.0	806	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

TB's lending to low-income borrowers (37.7%) exceeded the percentage of low-income households in the area (32.3%), while its lending to moderate income borrowers (36.3%) significantly exceeded the percentage of moderate-income households within the assessment area (17.5%). The bank's performance is considered excellent in large part because of its moderate-income borrower performance.

Geographic Distribution of Loans

TB's geographic distribution performance is considered reasonable overall. From a product perspective, its performance is considered reasonable for HMDA and unsecured consumer lending and excellent for small business lending within the assessment area. In reaching the overall conclusion, the combined HMDA and unsecured consumer lending performance and the small business performance were weighted similarly given the combined dollar volume of HMDA and unsecured consumer lending in relation to the dollar volume of small business lending.

Lending within the assessment area tends to concentrate around the bank's branch locations. The bank's branches are concentrated in Buchanan and Tazewell counties with five of seven branches located in this portion of the assessment area. While a lower volume of lending was noted in the City of Norton and Dickenson and Wise counties, the bank has only one branch within this portion of the assessment area. Given this context, the dispersion of loans throughout the bank's assessment area did not negatively impact its geographic distribution performance conclusion.

While the bank's assessment area includes whole, contiguous cities and counties, it does not contain any low-income census tracts.

Distribution of 2023 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Buchanan County, VA NonMSA							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	5	50.0	47.5	179	43.8	46.4	50.0
Middle	5	50.0	49.9	230	56.2	49.8	47.7
Upper	0	0.0	2.6	0	0.0	3.8	2.2
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	10	100.0	100.0	409	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

TB's level of lending in moderate-income census tracts (50%) was comparable to both the level of aggregate lending (47.5%) in such tracts and the owner-occupied housing units located in the moderate-income census tracts (50%). The bank's performance is considered reasonable.

Distribution of 2023 Small Business Lending By Income Level of Geography							
Assessment Area: Buchanan County, VA NonMSA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	10	58.8	41.2	758	70.4	44.4	41.1
Middle	7	41.2	53.8	319	29.6	46.8	55.1
Upper	0	0.0	3.6	0	0.0	8.6	3.8
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	1.4	0	0.0	0.3	
Total	17	100.0	100.0	1,077	100.0	100.0	100.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

D&B data from 2023 indicates that 41.1% of all area businesses are located in moderate-income census tracts. During 2023, the aggregate lenders reported extending 41.2% of small business loans in moderate-income census tracts. The bank's lending performance in moderate-income tracts (58.8%) significantly exceeds demographic and aggregate data and is considered excellent.

Distribution of 2023 Other-Unsecured Lending By Income Level of Geography					
Assessment Area: Buchanan County, VA NonMSA					
Geographic Income Level	Bank Loans				Households %
	#	%	\$(000)	%	
Low	0	0.0	0	0.0	0.0
Moderate	73	50.0	409	50.7	49.4
Middle	73	50.0	397	49.3	48.5
Upper	0	0.0	0	0.0	2.1
Unknown	0	0.0	0	0.0	0.0
Tract-Unk	0	0.0	0	0.0	
Total	146	100.0	806	100.0	100.0
Source: 2023 FFIEC Census Data 2016-2020 U.S. Census Bureau: American Community Survey					
Note: Percentages may not total 100.0 percent due to rounding.					

Demographic data indicates that 49.4% of households reside within the assessment area's moderate-income census tracts. The bank's lending within the moderate-income census tracts (50%) approximates the percentage of households in moderate-income census tracts and is considered reasonable.

Community Development Loans, Investments, and Services

Overall, the bank demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities that support area organizations and facilitate community development within the assessment area during the review period.

Discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are limited within the assessment area. While opportunities maybe limited, the bank does not face any major constraints in providing community development loans, investments, and services consistent with its capacity.

The following community development activities were performed within the Buchanan County, VA NonMSA assessment area during the review period.

- Community Development Loans – Two loans (\$583,000) to an area business that provides medical services to low- and moderate-income individuals.
- Qualified Donations – Six donations (\$22,00) were made to organizations that provided community services to low- and moderate-income residents.
- Community Development Services – Fourteen employees provided community development services to eight different organizations that provide community services to area low- and moderate-income residents including financial education programs.

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

Major factors supporting the rating include:

- The bank's borrower distribution is considered very poor for HMDA and reasonable for small business lending. Overall, the bank's borrower distribution performance is considered poor.
- TB's geographic distribution is considered very poor for HMDA lending and excellent for small business lending. Overall, the bank's geographic distribution performance is considered reasonable.
- During the evaluation period, the bank participated in an adequate level of community development activities within the North Carolina.

SCOPE OF EXAMINATION

Examiners reviewed the following data when assessing the bank's performance.

- HMDA data reported during 2023,
- All small business loans originated and purchased during 2023,
- Community development loans originated during the evaluation period,
- Community development services provided by the bank during the evaluation period, and
- All qualified investments made during the evaluation period, along with existing qualified investments outstanding as the date of the evaluation regardless of when made.

Because the bank focuses primarily on commercial lending and secondarily on residential mortgage lending within the North Carolina assessment area, consumer unsecured loans were not evaluated within this assessment area.

The bank has delineated one assessment area in the State of North Carolina which includes a portion of the Asheville, NC MSA. As such, ratings for the state are based solely on the bank's performance in this assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN ASHEVILLE, NC

TB's Asheville, NC assessment area is located in southwestern North Carolina, consisting solely of Buncombe County, North Carolina, which is a part of the larger Asheville, NC MSA. TB operates one full-service branch with an ATM within the assessment area.

As of June 30, 2024, the bank ranked 17th out of 20 financial institutions in local deposit market share according to data compiled by the FDIC and held 0.3% of the assessment area's deposits (excluding credit union deposits). Additionally, according to 2023 aggregate data, the bank ranked 57th out of 366 lenders in reported mortgage lending with a <.1% market share.

Community Contact

An economic development official was contacted recently to discuss area economic conditions and community needs. The official indicated that area financial institutions actively support community development initiatives, but suggested there is demand for additional technical assistance, financial education, and financing options. The individual also noted that Community Development Financial Institutions (CDFIs) are playing a larger role in area community development and that banks could partner with them. The individual also suggested that area CDFIs would benefit from Equity Equivalent (EQ2) investments from area banks but that not all area banks are interested providing this somewhat complex form of financing. The individual contacted was unaware of any discriminatory practices taking place at local financial institutions.

Demographic Data

2023 Asheville NCAA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.5	1,190	2.0	320	26.9	11,608	19.2
Moderate	12	18.5	10,105	16.7	1,015	10.0	11,104	18.3
Middle	32	49.2	30,382	50.1	1,977	6.5	12,480	20.6
Upper	20	30.8	18,938	31.2	627	3.3	25,423	41.9
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	65	100.0	60,615	100.0	3,939	6.5	60,615	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	2,075	946	1.4	45.6	859	41.4	270	13.0
Moderate	21,250	10,185	15.3	47.9	7,289	34.3	3,776	17.8
Middle	65,330	33,165	49.8	50.8	21,697	33.2	10,468	16.0
Upper	37,217	22,335	33.5	60.0	8,701	23.4	6,181	16.6
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	125,872	66,631	100.0	52.9	38,546	30.6	20,695	16.4
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	193	1.1	183	1.2	9	1.0	1	0.7
Moderate	3,401	20.2	3,129	19.9	247	27.1	25	18.5
Middle	8,384	49.9	7,850	49.8	467	51.2	67	49.6
Upper	4,822	28.7	4,591	29.1	189	20.7	42	31.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	16,800	100.0	15,753	100.0	912	100.0	135	100.0
Percentage of Total Businesses:				93.8		5.4		0.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	62	21.2	61	21.1	1	33.3	0	0.0
Middle	146	50.0	145	50.2	1	33.3	0	0.0
Upper	84	28.8	83	28.7	1	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	292	100.0	289	100.0	3	100.0	0	0.0
Percentage of Total Farms:				99.0		1.0		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

Based on 2020 ACS data, the assessment area served by the bank has a total population of 269,452 and a median housing value of \$250,581. Within the assessment area, the owner-occupancy rate equals 52.9%, which is slightly less than the owner-occupancy rates for the State of North Carolina (56.5%) and the Asheville, NC MSA (56%). The percentage of families living below the poverty level in the assessment area (6.5%) is lower than the rates in the State of North Carolina (10%) and the Asheville, NC MSA (7.3%). The Asheville, NC MSA median family income during 2023 equaled \$87,600.

Asheville NC Population Change			
Area	2015 Population	2020 Population	Percent Change
Asheville NC AA	247,336	269,452	8.9%
Asheville, NC MSA	437,252	469,015	7.3%
North Carolina	9,845,333	10,439,388	6.0%
Source: 2011-2015 U.S. Census Bureau American Community Survey 2020 U.S. Census Bureau Decennial Census			

As indicated in the table, the population within the bank's assessment area has grown at a rate that exceeds the larger MSA and statewide area. An increasing population can indicate that economic conditions in the assessment area are positive which can be reflected in greater local loan demand.

Asheville NC Employees by Industry								
	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Government								
Government Total, all industries	15,259	14,411	15,956	15,757	15,389	14,490	16,213	16,326
Private Sector								
Private Sector Total, all industries	120,733	121,556	122,128	120,671	123,005	123,206	124,418	121,283
Agriculture, forestry, fishing and hunting	322	301	315	306	319	309	298	288
Mining, quarrying, and oil and gas extraction	110	118	114	113	131	121	123	115
Utilities	365	371	375	381	368	381	378	540
Construction	6,851	6,854	6,765	6,663	6,636	6,650	6,798	6,824
Manufacturing	13,526	13,662	13,556	13,635	13,778	13,811	13,631	12,999
Wholesale trade	3,319	3,406	3,417	3,425	3,438	3,550	3,603	3,596
Retail Trade	17,247	17,150	17,512	17,351	17,333	17,270	17,789	17,457
Transportation and warehousing	3,651	3,822	4,016	3,929	3,813	3,783	3,852	3,826
Information	1,731	1,781	1,870	1,839	1,876	1,904	1,912	1,856
Finance and insurance	2,613	2,665	2,729	2,756	2,654	2,815	2,869	2,618
Real estate and rental and leasing	2,331	2,514	2,487	2,433	2,570	2,645	2,608	2,544
Professional and technical services	6,751	6,712	6,690	6,520	6,651	6,731	6,964	7,020
Management of companies and enterprises	1,063	1,051	1,072	1,070	1,088	1,085	1,095	1,159
Administrative and waste services	8,145	8,121	8,061	7,325	7,343	7,234	7,088	6,902
Educational services	3,183	3,170	3,407	3,399	3,614	3,455	3,519	3,463
Health care and social assistance	22,063	22,101	22,453	22,645	22,731	22,800	23,337	23,137
Arts, entertainment, and recreation	3,583	3,630	3,554	3,187	3,819	3,959	3,793	3,301
Accommodation and food services	18,322	18,464	18,178	17,647	18,752	18,628	18,664	17,740
Other services, except public administration	5,557	5,663	5,555	6,047	6,091	6,074	6,096	5,899
Public administration	0	0	0	0	0	0	0	0
Unclassified	0	0	0	0	0	0	0	0
Source: Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages * indicates that some or all of the data for this category was suppressed for confidentiality reasons								

A variety of employment opportunities exist within the bank’s assessment area. In addition to local government and school boards, major employers include those within health care and social services, accommodation and food services, retail trade, and manufacturing. The economic development official contacted prior to evaluation, stated that additional financial education resources would benefit the local community and support entrepreneurial growth.

Asheville NC Unemployment Rates					
Area	2019	2020	2021	2022	2023
Buncombe County	3%	8.2%	4.2%	3%	2.7%
Asheville, NC MSA	3.1%	7.7%	4.2%	3.1%	2.8%
North Carolina	3.9%	7.2%	4.9%	3.7%	3.5%

Source: Bureau of Labor Statistics (BLS), Local Area Unemployment Statistics

Unemployment rates within the assessment area (Buncombe County) rose sharply during 2020 as a result of the COVID-19 pandemic. Since 2020, area unemployment rates have generally returned to pre-pandemic levels. The current unemployment rate within the assessment area is similar to rate within the MSA and lower than the statewide rate. The assessment area’s comparatively favorable unemployment rate suggests that the local economy may be stronger than the broader statewide economy.

Asheville NC Housing Cost Burden						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Asheville NC AA	73.1%	62.2%	46.6%	50.2%	28.6%	17.1%
Asheville, NC MSA	71.5%	53.6%	44.4%	49.4%	29.3%	17.5%
North Carolina	74.3%	44.0%	41.3%	57.5%	30.2%	17.8%

Cost Burden is housing cost that equals 30 percent or more of household income

Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy

The cost burden of rental property in the assessment area approximates the statewide cost burden (74.3%) for low-income renters (73.1%), while the cost burden for moderate-income renters (62.2%) and all renters (46.6%) exceeds the statewide rates (44% and 41.3%). Conversely, the cost burden for low- (50.2%), moderate-income (28.6%), and all homeowners (17.1%) in the assessment area compares favorably to the corresponding statewide rates (57.5%, 30.2%, and 17.8%). Overall, the data suggests that rental property is comparatively expensive in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

The Lending Test for the State of North Carolina is rated Satisfactory. The Community Development Test is also rated Satisfactory. The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Within the assessment area, the bank originated HMDA loans totaling \$3.4 million and small business loans totaling \$5 million. Accordingly, the bank’s small business lending performance is given greater weight than its HMDA performance when evaluating the bank’s overall lending performance.

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

The bank’s borrower distribution performance is considered poor overall. From a loan product perspective, TB’s HMDA performance is very poor, while its small business performance is reasonable.

Distribution of 2023 Home Mortgage Lending By Borrower Income Level							
Assessment Area: Asheville NC							
Borrower Income Level	Bank And Aggregate Loans						Families by Family Income %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	4.9	0	0.0	1.8	19.2
Moderate	0	0.0	13.9	0	0.0	7.6	18.3
Middle	0	0.0	20.5	0	0.0	15.0	20.6
Upper	1	33.3	49.1	352	36.7	62.5	41.9
Unknown	2	66.7	11.5	608	63.3	13.1	0.0
Total	3	100.0	100.0	960	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							
Multifamily loans are not included in the borrower distribution analysis.							

During 2023, the bank did not originate any HMDA loans to low- or moderate-income borrowers. However, the percentage of low- and moderate-income families (19.2% and 18.3%, respectively) and aggregate lending levels to low- and moderate-income borrowers (4.9% and 13.9%, respectively) indicate that there are lending opportunities to such borrowers. While the bank reported a small number of residential mortgage loans (i.e. three) within the assessment area during 2023, none were to low- or moderate-income borrowers, and the bank's performance is considered very poor.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Asheville NC							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	\$%	
By Revenue							
\$1 Million or Less	5	35.7	55.9	2,337	46.7	35.8	93.8
Over \$1 Million	6	42.9		2,081	41.6		5.4
Revenue Unknown	3	21.4		584	11.7		0.8
Total	14	100.0		5,002	100.0		100.0
By Loan Size							
\$100,000 or Less	1	7.1	94.3	60	1.2	42.1	
\$100,001 - \$250,000	4	28.6	2.9	739	14.8	14.5	
\$250,001 - \$1 Million	9	64.3	2.8	4,203	84.0	43.4	
Total	14	100.0	100.0	5,002	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	0	0.0		0	0.0		
\$100,001 - \$250,000	1	20.0		200	8.6		
\$250,001 - \$1 Million	4	80.0		2,137	91.4		
Total	5	100.0		2,337	100.0		
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

The bank's level of lending to businesses with annual revenues of \$1 million or less during 2023 (35.7%) lagged both the percentage of area businesses having revenues of \$1 million or less (93.8%) and the aggregate lending level (55.9%). The remaining percentage of small business loans reported by the aggregate lenders either had revenue exceeding \$1 million per year or revenues were unknown.

As noted in the table, business revenue was not known for three of the bank's 14 small business loans. Of these three loans, one was less than \$100,000 and a second loan was less than \$175,000. Because smaller dollar loans often support small businesses, the percentage of the bank's small business loans to businesses with revenues of \$1 million or less is likely to be higher than 35.7% if the revenues of these loans were known.

With respect to the distribution by loan amount, 7.1% of the bank's small business loans during 2023 were in amounts of \$100,000 or less, compared to 94.3% of such lending by the aggregate reporters. The bank's small business borrower distribution performance is reasonable largely because of its performance when lending to businesses with revenues of \$1 million or less along with the possibility that some of the loans for which revenue was not known were also small businesses.

Geographic Distribution of Loans

TB's geographic distribution performance is considered reasonable overall. From a product perspective, the bank's HMDA performance is very poor for HMDA, while its small business lending performance is excellent. In reaching this conclusion, more weight was placed on the bank's small business performance given its larger dollar volume of lending.

When considering the distribution of loans across the assessment area, no unexplained gaps in the bank's lending were noted.

Distribution of 2023 Home Mortgage Lending By Income Level of Geography							
Assessment Area: Asheville NC							
Geographic Income Level	Bank And Aggregate Loans						Owner Occupied Units %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	1.9	0	0.0	1.6	1.4
Moderate	0	0.0	16.9	0	0.0	16.4	15.3
Middle	4	80.0	50.6	3,100	90.6	47.9	49.8
Upper	1	20.0	30.7	320	9.4	34.1	33.5
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	
Total	5	100.0	100.0	3,420	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

Within the assessment area, 1.4% and 15.3% of owner-occupied housing units are located in low- and moderate-income census tracts, respectively. Similarly, 1.9% and 16.9% of the aggregate reported loans were in low- and moderate-income census tracts, respectively. The demographic and aggregate data demonstrate that lending opportunities exist in area low- and moderate-income census tracts. While the overall number of residential mortgage loans in the assessment area is small (i.e. five loans), none were to borrowers located in low- or moderate-income census tracts, and the bank's performance is considered very poor.

Distribution of 2023 Small Business Lending By Income Level of Geography							
Assessment Area: Asheville NC							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	1.4	0	0.0	1.9	1.1
Moderate	5	35.7	19.5	1,920	38.4	20.5	20.2
Middle	8	57.1	49.8	3,022	60.4	49.5	49.9
Upper	1	7.1	28.9	60	1.2	27.9	28.7
Unknown	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.4	0	0.0	0.2	
Total	14	100.0	100.0	5,002	100.0	100.0	100.0
Source: 2023 FFIEC Census Data							
2023 Dun & Bradstreet Data							
2016-2020 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

With no small business loans in low-income census tracts, the bank's lending (0%) in such areas lagged both the percentage of area businesses 1.1% and the aggregate level of lending (1.4%). However, the demographic and aggregate data indicate that lending opportunities are somewhat limited in the single low-income census tract in the assessment area. TB's lending in moderate-income census tracts (35.7%) substantially exceeded the percentage of area businesses (20.2%) and the aggregate lending (19.5%) in moderate-income census tracts. The bank's performance is excellent because of its moderate-income census tract lending performance.

Community Development Loans, Investments, and Services

Overall, the bank demonstrated an adequate level of responsiveness to local community development needs through its lending, investment, and service activities that support area organizations and facilitate community development within the assessment area during the review period.

Discussion with an individual knowledgeable of the local community and the review of performance evaluations of other financial institutions operating within the assessment area indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, or services consistent with its capacity and available opportunities.

The following community development activities were performed within the Asheville, NC assessment area during the review period.

- Community Development Loans – Three loans (\$2.7 million) that supported economic development and affordable housing.
- Qualified Donations – Ten donations (\$21,500) were made to qualifying organizations that provided community services to low- and moderate-income residents.
- Community Development Services – Four employees provided community development services to two different organizations that provide community services or provide financial education to area low- and moderate-income residents.

APPENDIX A
SCOPE OF EXAMINATION

ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED³	Other Information
Johnson City-Kingsport-Bristol, TN-VA	Full-Scope	None	
Buchanan, VA NonMSA	Full-Scope	None	
Asheville, NC	Full-Scope	None	Consumer unsecured loans not evaluated

³ There is a statutory requirement that the written evaluation of a multistate institution's performance must list the individual branches examined in each state.

CRA APPENDIX B

SUMMARY OF STATE AND MULTISTATE MSA RATINGS

State or Multistate Metropolitan Area Name	Lending Test Rating	Community Development Test Rating	Overall Rating
Johnson City-Kingsport-Bristol, TN-VA	Satisfactory	Satisfactory	Satisfactory
Commonwealth of Virginia	Satisfactory	Satisfactory	Satisfactory
State of North Carolina	Satisfactory	Satisfactory	Satisfactory

CRA APPENDIX C

Assessment Area Composition

Assessment Area Name	City/County	State	Census Tracts Included
Johnson City-Kingsport-Bristol, TN-VA	Bristol City	VA	All
	Washington County	VA	All
	Sullivan County	TN	All
	Washington County	TN	All
Buchanan, VA NonMSA	Buchanan County	VA	All
	Dickenson County	VA	All
	Norton City	VA	All
	Russell County	VA	All
	Tazewell County	VA	All
	Wise County	VA	All
Asheville, NC	Buncombe County	NC	All

CRA APPENDIX D

Loan, Branch, and Deposit Volume by Assessment Area

The following table includes the distribution of the bank's loan, branch, and deposit volume by assessment area. Loan volume includes all HMDA, small business, and consumer unsecured loans considered in the evaluation. Branch information is current as of the evaluation date, while deposit data includes all bank deposits and is current as of June 30, 2024.

Assessment Area	Loan Volume				Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Buchanan, VA NonMSA	173	77.9%	\$2,292	14.3%	7	58.3%	\$353,674	77.4%
Johnson City-Kingsport-Bristol, TN-VA	30	13.5%	\$5,324	33.2%	4	33.3%	\$82,221	18%
Asheville, NC	19	8.6%	\$8,422	52.5%	1	8.3%	\$20,786	4.6%
Total	222	100%	\$16,038	100%	12	100%	\$456,681	100%

CRA APPENDIX E

GLOSSARY

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 metropolitan area/assessment area.

Census tract: 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 statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and 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: All Agencies have adopted the following language. 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - (A) Rates of poverty, unemployment, and population loss; or
 - (B) Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, 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 do 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 applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, 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 metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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 multistate 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 multistate metropolitan area, the institution will receive a rating for the multistate 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) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.