



PUBLIC DISCLOSURE

July 31, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MAINSTREET BANK

FAIRFAX, 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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July 31, 2017

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

MainStreet Bank

3248849

10089 Fairfax Boulevard

Fairfax, VA 22030

**Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261**

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

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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 more than reasonable in relation to the demand for credit in the assessment area.
- Overall, a majority of the institution's Home Mortgage Disclosure Act (HMDA), small business, and consumer motor vehicle loans were originated within the bank's assessment area.
- The bank's borrower distribution performance is considered reasonable overall.
- The bank's geographic lending distribution performance varies by product from very poor to excellent and is considered poor overall.
- The bank's responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and services is considered adequate.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures for an intermediate-small bank developed by the Federal Financial Institutions Examinations Council (FFIEC). MainStreet Bank (MB) is required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosure Act. Accordingly, MB's 2015 and 2016 HMDA loan originations were considered in the evaluation. In addition, small business and consumer motor vehicle lending were both identified as primary product lines and were also considered in the evaluation. The analysis included all small business loans (50) originated by the bank during calendar year 2016, and a sample of 194 of the bank's consumer motor vehicle loans from a universe of 1,205 such loans totaling \$35.4 million during calendar year 2016.

Qualified community development loans and services are considered for activities since the previous evaluation (July 29, 2013). All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

DESCRIPTION OF INSTITUTION

MB is headquartered in Fairfax, Virginia, and operates five branch offices located within northern Virginia. The bank is wholly-owned by MainStreet Bancshares, Inc., a single-bank holding company, also headquartered in Fairfax, Virginia. The bank's previous CRA rating, dated July 29, 2013, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of March 31, 2017, MB held total assets of approximately \$568.3 million, of which 81.3% were net loans and 9.8% were securities. As of the same date, deposits total \$466.1 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purposes. The composition of the loan portfolio (reflecting gross loans) as of March 31, 2017, is represented in the following table.

Composition of Loan Portfolio

Loan Type	3/31/2017	
	\$(000s)	%
Secured by 1-4 Family dwellings	92,372	19.8
Multifamily	7,873	1.7
Construction and Development	51,755	11.1
Commercial & Industrial/ NonFarm NonResidential	234,249	50.3
Consumer Loans and Credit Cards	79,897	17.1
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	466,146	100.0

As indicated in the preceding table, MB is an active residential, commercial, and consumer lender. A majority of the bank's consumer loans consists of indirect motor vehicle loans. The bank offers other loans such as construction and development loans; however, the volume of such lending is relatively small in comparison to the residential mortgage, business, and consumer lending.

The bank's branch offices are all located in Northern Virginia and a majority of the bank's lending takes place in Northern Virginia as well. The bank has delineated one assessment area that is located within the larger Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA). The following table details the cities and counties included in the bank's assessment area.

Assessment Area Name	City/County	State	Census Tracts Included
Washington-Arlington-Alexandria	Arlington County	VA	All
	Fairfax County	VA	All
	Loudon County	VA	All
	Prince William County	VA	All
	Alexandria City	VA	All
	Fairfax City	VA	All
	Falls Church City	VA	All
	Manassas City	VA	All
	Manassas Park City	VA	All

MB has not opened or closed any branch offices since its previous evaluation in July 2013. The bank did, however, relocate one branch within the same census tract during November 2014. The branch moved approximately one-quarter of a mile and continues to serve same market area. No changes were made to the bank's assessment area because of the branch relocation.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, VA ASSESSMENT AREA

MB operates five branch offices plus one stand-alone deposit taking automated teller machine in its assessment area. According to recent (June 30, 2016) data from the Federal Deposit Insurance Corporation, MB ranks 22nd out of 48 institutions in the local deposit market share, holding .4% of area deposits. Additionally, the institution ranked 171st out of 645 reporters of mortgage lending with a <.1% market share according to 2016 aggregate HMDA loan data.

Based on data from the 2010 American Community Survey (ACS), the assessment area has a population of approximately 2.2 million and a median housing value of \$478,134. The owner-occupancy rate for the assessment area equals 63.3%, which exceeds than the owner-occupancy rate for the Commonwealth of Virginia (61.8%) and the entire MSA (59.6%). Within the assessment area, 3.6% of families are considered below the poverty rate, which is less than rates for the Commonwealth of Virginia (7.2%) and the entire MSA (5.2%). The median family income for the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA equaled \$109,400 during 2015 and \$105,700 during 2016.

The following table includes pertinent demographic data for the assessment area based on the 2010 ACS data and, in the cases of businesses, 2016 Dun and Bradstreet (D&B) data.

Assessment Area Demographics

Washington-Arlington-Alexandria, VA (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	19	3.7	17,424	3.3	2,923	16.8	82,869	15.8
Moderate	74	14.2	72,517	13.8	5,508	7.6	78,308	14.9
Middle	182	35.0	180,778	34.5	6,022	3.3	107,272	20.4
Upper	238	45.8	253,871	48.4	4,409	1.7	256,141	48.9
NA	7	1.3	0	0.0	0	0.0		
Total	520	100.0	524,590	100.0	18,862	3.6	524,590	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	9,661	1.8	31,698	4.0	4,854	15.3	123,297	15.7
Moderate	58,229	10.8	122,816	15.6	10,168	8.3	117,747	15.0
Middle	188,040	35.0	284,415	36.1	12,140	4.3	148,540	18.9
Upper	281,333	52.4	347,829	44.3	10,823	3.1	397,191	50.4
NA	0	0.0	17	0.0	0	0.0		
Total	537,263	100.0	786,775	100.0	37,985	4.8	786,775	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	2,605	2.1	2,358	2.1	227	2.0	20	2.3
Moderate	13,252	10.7	12,106	10.8	1,068	9.3	78	8.9
Middle	42,899	34.5	37,909	33.9	4,735	41.4	255	29.0
Upper	65,322	52.5	59,463	53.1	5,348	46.8	511	58.2
NA	199	0.2	125	0.1	60	0.5	14	1.6
Total	124,277	100.0	111,961	100.0	11,438	100.0	878	100.0
Percentage of Total Businesses:			90.1		9.2		0.7	

*NA-Tracts without household or family income as applicable

The area's economy is diversified with a mix of federal and state government, manufacturing, defense contracting, science, engineering, service, and tourism related employment opportunities. Major employers include the U.S. Departments of Defense and Commerce; Booz, Allen and Hamilton (information technology and management consultant); Inova Health System, Lockheed Martin (global security and aerospace engineer), Micron Technology (data storage development and manufacturing); local government; and public school systems. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	May 2013	May 2014	May 2015	May 2016	May 2017
Alexandria City, VA	4%	3.9%	3.4%	2.7%	3%
Arlington County, VA	3.5%	3.4%	3%	2.5%	2.7%
Fairfax County, VA	4.5%	4.3%	3.8%	3%	3.1%
Fairfax City, VA	4.3%	4.2%	3.7%	2.9%	3.2%
Falls Church City, VA	4%	3.9%	3.3%	2.6%	2.8%
Loudon County, VA	4.4%	4.4%	3.8%	3%	3.2%
Manassas City, VA	5.3%	5.2%	4.3%	3.4%	3.4%
Manassas Park City, VA	5%	4.9%	4.5%	3.3%	3.4%
Prince William County, VA	5.2%	5%	4.4%	3.3%	3.5%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	5.6%	5.1%	4.5%	3.6%	3.6%
Virginia	5.7%	5.3%	4.7%	3.7%	3.8%

As indicated in the table, area unemployment has decreased since 2013. Overall, unemployment rates within the cities and counties of the assessment area are lower than the statewide rate, which is indicative of healthy local economy.

An economic development official was contacted recently to discuss area economic conditions and community credit needs. The contact identified that economic conditions were continuing to improve; however, the demand for affordable housing remained high. The official also noted that additional financing options and financial education programs would be beneficial to local businesses. The contact stated that area financial institutions are reasonably servicing the banking needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

To evaluate the bank's lending performance, HMDA, small business, and consumer motor vehicle lending activity was analyzed. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. The area demographic data is from the 2010 ACS. 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 every five years. D&B business demographic data is current as of 2016.

Aggregate HMDA and small business lending data are also used as a proxy for demand in the evaluation. The aggregate data includes all activity reported by lenders that originated or purchased such loans within the bank's assessment area. While HMDA data from calendar years 2015 and 2016 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2015 are presented in the assessment area analysis tables. In instances where the 2016 HMDA performance varies significantly from the performance noted during 2015, such variance and the corresponding impact on the overall performance are discussed. Aggregate HMDA and small business lending data from 2016 cannot be considered in this evaluation because the data is not currently available. Because 2016 aggregate small business data is not yet available, small business demographic and aggregate data from 2015 is also used as an element of performance context within the evaluation. Also, MB does not report small business loan data, so its small business lending activity is not part of the aggregate data.

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

Within its assessment area, MB originated \$13.5 million in HMDA and \$15.4 million in small business loans during 2016. It is estimated that the bank originated \$17.5 million in consumer motor vehicle loans in its assessment area during 2016. Consequently, the performance of the bank's consumer motor vehicle lending is given slightly more weight than its small business or HMDA performance in instances when performance varies by loan product.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment area, borrower distribution performance, and geographic distribution performance.

The bank's Community Development Test performance is also rated Satisfactory. The review of the bank's community development activities is based on the number and amount of community development loans and qualified investments, the extent to which the bank provides community development services, and the bank's responsiveness to identified community development lending, investment, and service needs.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

MB's loan-to-deposit ratio as of March 31, 2017, equaled 99.1% and averaged 93.8% for the 16-quarter period ending March 31, 2017. In comparison, the quarterly average loan-to-deposit ratios for seven similarly situated institutions that operate in MB's assessment area ranged from 45.3% to 107.7% during the same 16-quarter period. Since March 31, 2013, MB's assets, net loans, and deposits have increased by 110.8%, 116.5%, and 94.7% respectively. MB is an active lender and loan growth has outpaced deposit growth since March 2013. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered more than reasonable given the institution's size, financial condition, market conditions, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's HMDA loans originated during calendar years 2015 and 2016, small business loans originated in 2016, and a sample of consumer motor vehicle loans originated in 2016, were considered. The lending distribution inside and outside of the bank's assessment area 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	61	56.5	21,069	55.8	47	43.5	16,685	44.2
Home Improvement	2	100.0	2,418	100.0	0	0.0	0	0.0
Refinancing	13	65.0	3,492	65.2	7	35.0	1,861	34.8
Multi-Family Housing	0	0.0	0	0.0	4	100.0	8,185	100.0
Total HMDA related	76	56.7	26,979	50.2	58	43.3	26,731	49.8
Small Business*	43	86.0	15,362	83.9	7	14.0	2,956	16.1
Consumer Loans*	97	50.0	2,918	49.4	97	50.0	2,991	50.6
TOTAL LOANS	216	57.1	45,259	58.1	162	42.9	32,678	41.9

*The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.

As indicated in the preceding table, a majority of the bank's loans considered in the evaluation were extended within its assessment area.

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

MB's borrower distribution performance is reasonable for residential mortgage, small business lending, and consumer motor vehicle lending.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, VA (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	6,258	7.2	1,194,995	3.6
Moderate	0	0.0	0	0.0	15,807	18.1	4,205,561	12.6
Middle	3	37.5	1,475	31.2	23,952	27.4	8,222,262	24.6
Upper	5	62.5	3,253	68.8	41,410	47.3	19,833,834	59.2
Total	8	100.0	4,728	100.0	87,427	100.0	33,456,652	100.0
Unknown	28		8,738		28,192		13,716,964	

Percentages (%) are calculated on all loans where incomes are known

MB reported a total of 36 HMDA loans in 2015 within the assessment area, of which 28 did not contain borrower income information and are not included in the evaluation of borrower distribution performance. The 28 loans without borrower income were loans to businesses, and borrower income cannot be report for non-natural borrowers (e.g. corporations, partnerships, and trusts).

Within the assessment area, 15.8% of families are considered low-income, while 14.9% are considered moderate-income. In addition, 7.2% and 18.1% of the aggregate reporters' loans were extended to low- and moderate-income borrowers. None of the bank's residential mortgage loans were extended to low- or moderate-income borrowers during 2015, and the bank's performance is considered very poor.

During 2016, MB's performance improved. The bank reported 12 loans totaling \$3.8 million within the assessment area during 2016 for which borrower income was known. Of these loans, none (0%) were to low-income borrowers, and three (25%) totaling \$731,000 (19.1%) were to moderate-income borrowers. While the bank's percentage of lending to low-income borrowers (0%) substantially lagged the percentage area low-income families (15.8%), its percentage of lending to moderate-income borrowers (25%) substantially exceeded the percentage of such families (14.9%) within the assessment area. The bank's performance during 2016 is considered reasonable.

Because a large majority of the bank residential mortgage lending is to businesses, relatively few of its loans are to non-business borrowers on which the distribution by borrower income performance can be evaluated. During 2015 and 2016 combined, the bank's borrower distribution performance is based on only 20 loans. The bank's overall performance is considered reasonable during 2015 and 2016 because of its lending to moderate-income borrowers during 2016.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, VA (2016)								
<i>by Revenue</i>	Bank				Aggregate* (2016)			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	22	51.2	5,239	34.1	NA	NA	NA	NA
Over \$1 Million	21	48.8	10,123	65.9	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>								
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	15	34.9	1,047	6.8	NA	NA	NA	NA
\$100,001-\$250,000	5	11.6	947	6.2	NA	NA	NA	NA
\$250,001-\$1 Million	23	53.5	13,368	87.0	NA	NA	NA	NA
Total	43	100.0	15,362	100.0	NA	NA	NA	NA

* No data is available for Aggregate loans with Revenues over \$1 million and those with Unknown revenues

D&B data from 2016 indicates that 90.1% of all local businesses have revenues that do not exceed \$1 million per year. However, aggregate and demographic small business data from 2015 indicated that the D&B demographic data from 2016 likely overstates the demand for small business loans by borrowers with annual revenues of \$1 million or less. Specifically, D&B data from 2015 indicates that 91.3% of area businesses have annual revenues of \$1 million or less, yet only 58.1% of all reported small business loans during 2015 were to businesses having annual revenues of \$1 million or less. The remaining portion of loans were to businesses having revenues exceeding \$1 million per year or the revenue was not known. As previously stated, aggregate small business loan data from 2016 cannot be considered in this evaluation because the data is not yet available.

During 2016, 51.2% of MB's small business loans were to businesses having annual revenues of \$1 million or less. While the bank's percentage of lending to businesses having revenue of \$1 million or less per year lagged the percentage of such businesses in the assessment area, the demographic likely overstates the demand for small business loans by such borrowers. Within this context, the bank's performance is considered reasonable.

Distribution of Consumer Loans by Income Level of Borrower

Washington-Arlington-Alexandria, VA (2016)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	3	3.1	96	3.3
Moderate	18	18.6	465	15.9
Middle	28	28.9	809	27.7
Upper	48	49.4	1,548	53.1
Total	97	100.0	2,918	100.0
Unknown	0		0	

Percentage's (%) are calculated on all loans where incomes are known

The bank's level of consumer motor vehicle lending to low-income borrowers (3.1%) substantially lagged the percentage of low-income households (15.7%) in the assessment area. However, the bank's lending to moderate-income borrowers (18.6%) exceeded the percentage of moderate-income households (15%) in the assessment area. Overall, the bank's performance is considered reasonable when considering the bank's lending to low- and moderate-income borrowers on a combined basis.

Geographic Distribution of Loans

MB's geographic distribution performance is excellent overall for residential mortgage, poor for small business lending, and very poor for consumer motor vehicle lending. On a combined basis, the bank's geographic distribution performance is considered poor. In reaching this conclusion, greater weight is placed on the bank's consumer motor vehicle and small business lending performance because of the larger dollar volume of such lending within the assessment area during 2016.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, VA (2015)								
Income Categories	Bank				Aggregate			
	#	%	\$ (000s)	% \$	#	%	\$ (000s)	% \$
	(27) Home Purchase				(55,446)			
Low	0	0.0	0	0.0	1,023	1.8	293,272	1.3
Moderate	3	11.1	1,284	13.3	6,752	12.2	1,967,461	8.6
Middle	9	33.3	1,733	18.0	18,051	32.6	6,389,619	28.0
Upper	15	55.6	6,621	68.7	29,620	53.4	14,194,586	62.1
	(7) Refinance				(55,859)			
Low	0	0.0	0	0.0	765	1.4	198,231	0.9
Moderate	1	14.3	142	10.1	5,708	10.2	1,503,211	7.1
Middle	4	57.1	811	57.5	18,415	33.0	5,929,519	28.1
Upper	2	28.6	457	32.4	30,971	55.4	13,457,856	63.9
	(2) Home Improvement				(4,215)			
Low	0	0.0	0	0.0	78	1.9	6,412	0.9
Moderate	0	0.0	0	0.0	474	11.2	45,589	6.7
Middle	1	50.0	543	22.5	1,459	34.6	188,898	27.8
Upper	1	50.0	1,875	77.5	2,204	52.3	439,428	64.6
	(0) Multi-Family				(91)			
Low	0	0.0	0	0.0	7	7.7	164,249	6.4
Moderate	0	0.0	0	0.0	13	14.3	193,968	7.6
Middle	0	0.0	0	0.0	43	47.3	1,525,491	59.7
Upper	0	0.0	0	0.0	28	30.7	672,428	26.3
	HMDA Totals							
Low	0	0.0	0	0.0	1,873	1.6	662,164	1.4
Moderate	4	11.1	1,426	10.6	12,947	11.2	3,710,229	7.9
Middle	14	38.9	3,087	22.9	37,968	32.8	14,033,527	29.7
Upper	18	50.0	8,953	66.5	62,823	54.4	28,764,298	61.0
NA*	0	0.0	0	0.0	8	0.0	3,398	0.0
Total	36	100.0	13,466	100.0	115,619	100.0	47,173,616	100.0

NA*-Tracts without household or family income as applicable

As reflected in the preceding table, home purchase loans represent a significant majority of MB's reported HMDA lending, while home purchase and refinance loans are the predominant products for the aggregate reporters in 2015. MB's home purchase and refinance lending are both considered reasonable in 2015. Within the assessment area, neither home improvement nor multi-family lending represent a significant level of lending for MB or the aggregate lenders during 2015. Consequently, the absence of home improvement and multi-family lending in low- or moderate-income census tracts by MB is not considered a critical performance deficiency.

On a combined basis, MB's level of lending within low-income census tracts (0%) lagged the proportion of owner-occupied housing units located in such areas (1.8%) and the aggregate lending level (1.6%). However, the demographic and aggregate data indicate that low-income census tract lending opportunities are also limited. The bank's level of lending within moderate-income census tracts

(11.1%) approximated the proportion of owner-occupied housing units located in such areas (10.8%) and the aggregate lending level (11.2%). As a result, MB's performance during 2015 is considered reasonable.

During 2016, MB's lending distribution performance improved. MB reported originating 40 loans totaling \$13.5 million within the assessment area. Of these loans, no loans were made in low-income tracts; however, eight loans (20%) totaling \$1.2 million (9.2%), were located in moderate-income census tracts. The bank's performance during 2016 is considered excellent.

Overall, the bank's combined HMDA geographic lending distribution during 2015 and 2016 is considered excellent based upon the similar volume of lending for each year and the strength of MB's performance during 2016.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, VA (2016)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	NA	NA	NA	NA
Moderate	2	4.7	1,097	7.1	NA	NA	NA	NA
Middle	22	51.2	4,908	32.0	NA	NA	NA	NA
Upper	19	44.1	9,356	60.9	NA	NA	NA	NA
NA*	0	0.0	0	0.0	NA	NA	NA	NA
Total	43	100.0	15,361	100.0	NA	NA	NA	NA

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

Unlike the previously described borrower distribution proxy data, there is a strong correlation between the D&B demographic data and aggregate small business loan data from 2015. More specifically, the percentage of area businesses located in low- (2.1%) and moderate-income census tracts (10.8%) approximated the percentage of small business loans originated in low- (2.4%) and moderate-income census tracts (11.4%) reported in the 2015 aggregate small business loan data. This suggests that the D&B from 2016 is a reasonable proxy when evaluating the bank's geographic distribution performance during 2016. As previously mentioned, aggregate small business loan data from 2016 is not yet available.

During 2016, MB did not originate any small business loans in low-income census tracts within the assessment; however, D&B data indicates that 2.1% of area businesses are located in such census tracts. In addition, MB's percentage of loans in moderate-income census tracts (4.7%) substantially lagged the percentage of businesses located in moderate-income census tracts (10.7%). The bank's performance is considered poor.

Distribution of Consumer Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, VA (2016)				
Income Categories	Consumer Loans			
	#	%	\$(000s)	% \$
Low	1	1.0	11	0.4
Moderate	3	3.1	74	2.5
Middle	17	17.5	440	15.1
Upper	76	78.4	2,393	82.0
NA*	0	0.0	0	0.0
Total	97	100.0	2,918	100.0

*NA-Tracts without household or family income as applicable

Loans where the geographic location is unknown are excluded from this table.

The bank's level of consumer motor vehicle lending in low-income tracts (1%) substantially lagged the percentage of households within low-income tracts (4%) in the assessment area. The bank's lending in moderate-income tracts (3.1%) also substantially lagged the percentage of households within moderate-income tracts (15.6%) in the assessment area. MB's consumer motor vehicle lending performance is considered very poor.

Community Development Loans, Investments, and Services

Information from an individual knowledgeable of the local community as well as a review of the performance evaluations of other financial institutions operating within the assessment area indicate that a considerable amount of community development opportunities exist within the Washington-Arlington-Alexandria, VA assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

MB originated the following community development loans during the evaluation period.

- Three community development loans totaling \$516,071 were extended to organizations that provide affordable housing and other community development services targeted to low- and moderate-income people within the bank's assessment area.
- Seventeen 17 community development loans totaling \$7.1 million that provided affordable housing outside of the bank's assessment area but within the larger MSA that includes the assessment area.

As of the date of this evaluation, MB held the following qualified investments and made charitable donations that supported community development activities:

- The bank has two qualified investments in the Virginia Housing Development Authority (VHDA) Mortgage Bonds, totaling \$1,082,625. The VHDA promotes affordable housing by financing single- and multi-family mortgage loans for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- Charitable contributions totaling \$47,350.

Since its previous evaluation, MB and its employees volunteered their time and provided financial expertise to the following organizations that provide community development services targeted to area low- and moderate-income residents and economic development:

- Arlington Food Assistance Center
- Greater Reston Chamber of Commerce
- Dulles Regional Chamber of Commerce
- Northern VA Urban League
- America's Future Workforce
- Loudon Small Business Center
- Greater Mclean Business Center
- Early Implementation Program
- MainStreet Bank Small Business and Government Contracting seminars
- Multiple bank employees participated in several Teach Your Child to Save Days at two area elementary schools where a majority of students were eligible for free and reduced lunch.

- The bank offers Interest on Lawyer Trust Account (IOLTA) accounts that accrue interest that is remitted to Legal Services Corporation of Virginia to support legal aid programs targeted to low- and moderate-income people. Currently, MB maintains 33 IOLTA accounts.

When considering community development opportunities, overall, MB has demonstrated a reasonable level of responsiveness to local community needs through its lending activities, investments that facilitate community development, and its community development performances and is considered satisfactory.

ASSESSMENT AREA DELINEATION

A review of the bank's assessment area found that its delineation complies with the requirements of Regulation BB. The assessment area delineation included all of the bank's branches and deposit taking automated teller machines. While the bank's assessment area delineation includes less than an entire MSA, the delineated area contained whole geographies, did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

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.

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.