



PUBLIC DISCLOSURE

November 3, 2025

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CornerStone Bank

Lexington, VA

**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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3816163

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Federal Reserve Bank of Richmond
P. O. Box 27622
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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: Satisfactory

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given the bank's size, financial condition, and credit needs of the bank's assessment areas.
- A majority of the institution's residential mortgage and small business loans considered in the evaluation are located within the bank's assessment area.
- 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.
- The bank's geographic distribution performance (lending in census tracts having different income levels) is considered excellent overall.
- There have been no complaints regarding the bank's CRA performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

CornerStone Bank (CB) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Given its size and branch locations, CB is not required to collect and report Home Mortgage Disclosure Act (HMDA) data nor is it required to collect or report data on its small business or small farm lending. Because residential mortgage lending is a primary bank product, the entire universe of CB's residential mortgage lending for 2023 and 2024, which consisted of 56 loans, was included in this evaluation. Additionally, small business lending was identified as a primary product and the entire universe of small business loans originated by the bank during 2023, which consisted of 23 loans, was included in this evaluation.

Small business lending from 2024 was not included in this analysis because the 2024 aggregate data was not yet available at the time of this evaluation. Aggregate data is an important performance context factor since it captures lending done under the same economic market conditions.

A community official was also contacted to learn about local economic conditions and credit needs.

DESCRIPTION OF INSTITUTION

CB is headquartered in Lexington, Virginia. The bank operates four branches and four automated teller machines (ATMs) within Rockbridge County, and the cities of Lexington and Buena Vista. The bank serves one assessment which is located in a nonmetropolitan area.

The bank received an “Outstanding” rating at its prior CRA evaluation dated August 17, 2020. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of September 30, 2025, CB held \$226.1 million in assets, of which 79.3% were net loans and 9.9% were securities. As of the same date, deposits totaled \$189.1 million. Various deposit and loan products are available through the institution, including loans for residential mortgage, business, and consumer purposes.

Composition of Loan Portfolio

Loan Type	9/30/2025	
	\$ (000s)	%
Secured by 1-4 Family dwellings	67,418	37.2
Multifamily	10,972	6.1
Construction and Development	9,512	5.2
Commercial & Industrial/ NonFarm NonResidential	75,476	41.6
Consumer Loans and Credit Cards	10,465	5.8
Agricultural Loans/ Farmland	6,386	3.5
All Other	1,002	0.6
Total	181,231	100.0

As reflected in the preceding table, the bank’s loan portfolio is primarily concentrated in residential real estate and commercial purpose loans. Because small business loans are a subset of commercial and industrial loans and commercial and industrial loans comprise a significant portion of the loan portfolio by dollar volume, those loans were considered in the evaluation along with the bank’s residential mortgage loans.

DESCRIPTION OF THE ROCKBRIDGE COUNTY, VA NONMSA ASSESSMENT AREA

The Rockbridge County, VA NonMSA assessment area is located in Virginia’s Shenandoah Valley and includes all census tracts in Rockbridge County, and the cities of Lexington and Buena Vista. The bank operates four full-service branches within the assessment area. Three of the four branches have ATMs, and the bank operates a fourth stand-alone ATM within the assessment area. Since its previous evaluation, CB has not opened or closed any branch offices.

As of June 30, 2024, CB ranked 2nd out of eight financial institutions in local deposit market share and held 22.2% of the assessment area’s deposits (excluding credit union deposits) according to data compiled by the Federal Deposit Insurance Corporation (FDIC).

Community Contact

A community official representing an economic development organization was contacted during the evaluation to discuss the local economic conditions and needs of the community. The contact indicated that the area has experienced sustained job growth in recent years, particularly in manufacturing, agriculture and food services. However, the area currently lacks sufficient housing and childcare services. The contact also suggested that opportunities exist for financial institutions to support small business development. The individual indicated that financial institutions are adequately meeting the overall credit needs of the community.

Demographic Data

According to 2020 ACS data, the market has a population of 36,611 and a median housing value of \$185,361. The owner-occupancy rate within the assessment area equals 57.4%, which is higher than the rate in nonmetropolitan areas of Virginia (56.6%), but lower than the rate in the Commonwealth of Virginia (60%). In the assessment area, 7.6% of families are considered below the poverty level, which is lower than the percentage of nonmetropolitan areas of Virginia (11.4%), but higher than the poverty rate within the Commonwealth of Virginia (6.3%). The HUD estimated median family incomes for 2023 and 2024 for the nonmetropolitan areas in Virginia equaled \$73,800 and \$73,900, respectively.

The following tables provide pertinent demographic data for the assessment area.

2023 Rockbridge 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	1,602	17.8
Moderate	1	10.0	653	7.2	40	6.1	1,766	19.6
Middle	6	60.0	6,193	68.7	560	9.0	1,789	19.8
Upper	2	20.0	2,112	23.4	87	4.1	3,863	42.8
Unknown	1	10.0	62	0.7	0	0.0	0	0.0
Total AA	10	100.0	9,020	100.0	687	7.6	9,020	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	1,355	609	6.3	44.9	454	33.5	292	21.5
Middle	10,729	6,265	65.0	58.4	2,654	24.7	1,810	16.9
Upper	4,444	2,768	28.7	62.3	967	21.8	709	16.0
Unknown	251	0	0.0	0.0	159	63.3	92	36.7
Total AA	16,779	9,642	100.0	57.5	4,234	25.2	2,903	17.3
	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	68	4.3	62	4.2	6	7.8	0	0.0
Middle	937	59.3	877	59.2	45	58.4	15	71.4
Upper	514	32.6	489	33.0	19	24.7	6	28.6
Unknown	60	3.8	53	3.6	7	9.1	0	0.0
Total AA	1,579	100.0	1,481	100.0	77	100.0	21	100.0
Percentage of Total Businesses:				93.8		4.9		1.3
	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	1	1.2	1	1.2	0	0.0	0	0.0
Middle	63	75.0	61	74.4	0	0.0	2	100.0
Upper	20	23.8	20	24.4	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	84	100.0	82	100.0	0	0.0	2	100.0
Percentage of Total Farms:				97.6		0.0		2.4
<i>Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

2024 Rockbridge 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	1,619	17.9
Moderate	2	20.0	1,696	18.8	252	14.9	1,770	19.6
Middle	5	50.0	5,150	57.1	348	6.8	1,797	19.9
Upper	2	20.0	2,112	23.4	87	4.1	3,834	42.5
Unknown	1	10.0	62	0.7	0	0.0	0	0.0
Total AA	10	100.0	9,020	100.0	687	7.6	9,020	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	2,866	1,539	16.0	53.7	970	33.8	357	12.5
Middle	9,218	5,335	55.3	57.9	2,138	23.2	1,745	18.9
Upper	4,444	2,768	28.7	62.3	967	21.8	709	16.0
Unknown	251	0	0.0	0.0	159	63.3	92	36.7
Total AA	16,779	9,642	100.0	57.5	4,234	25.2	2,903	17.3
	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	141	10.1	136	10.4	4	5.8	1	5.0
Middle	739	52.8	685	52.3	41	59.4	13	65.0
Upper	464	33.1	441	33.6	17	24.6	6	30.0
Unknown	56	4.0	49	3.7	7	10.1	0	0.0
Total AA	1,400	100.0	1,311	100.0	69	100.0	20	100.0
Percentage of Total Businesses:				93.6		4.9		1.4
	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	2	2.4	2	2.4	0	0.0	0	0.0
Middle	63	75.0	61	74.4	0	0.0	2	100.0
Upper	19	22.6	19	23.2	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	84	100.0	82	100.0	0	0.0	2	100.0
Percentage of Total Farms:				97.6		0.0		2.4
<i>Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey</i>								
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>								

Rockbridge County, VA NonMSA Population Change			
Area	2015 Population	2020 Population	Percent Change
Rockbridge County, VA NonMSA AA	36,181	36,611	1.2%
Rockbridge County, VA	22,444	22,650	0.9%
Buena Vista City, VA	6,666	6,641	-0.4%
Lexington City, VA	7,071	7,320	3.5%
NonMSA Virginia	1,093,765	1,068,638	-2.3%
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

Since 2015, the population within the assessment area has remained relatively stable, experiencing only minor growth (1.2%). This growth exceeded the population change in nonmetropolitan areas of Virginia but lagged the population growth in the Commonwealth of Virginia.

Rockbridge County, VA NonMSA Employees by Industry								
	2023 - Q1	2023 - Q2	2023 - Q3	2023 - Q4	2024 - Q1	2024 - Q2	2024 - Q3	2024 - Q4
Government								
Government Total, all industries	2,625	2,612	2,511	2,645	2,679	2,672	2,607	2,767
Private Sector								
Private Sector Total, all industries	11,265	11,205	11,007	11,463	11,381	11,218	11,113	11,550
Agriculture, forestry, fishing and hunting	0*	0*	0*	0*	0*	0*	0*	0*
Mining, quarrying, and oil and gas extraction	0*	0*	0*	0*	0*	0*	0*	0*
Utilities	0*	0*	0*	0*	0*	0*	0*	0*
Construction	416*	443*	457*	450	440	454	456	464
Manufacturing	1,788*	1,828*	1,880*	1,906	1,841	1,810	1,821	1,845
Wholesale trade	0*	0*	0*	9*	143*	162*	189*	210*
Retail Trade	1,273*	1,262*	1,232*	1,245*	1,231*	1,248*	1,247*	1,239*
Transportation and warehousing	78*	86*	89*	78*	0*	0*	0*	0*
Information	24*	33*	31*	32*	54	61	62	56
Finance and insurance	208	212	205	214	210	211	214	211
Real estate and rental and leasing	122	140	136	140	132	142	142	135
Professional and technical services	131*	151*	154*	142*	146*	264*	268*	158*
Management of companies and enterprises	0*	0*	0*	0*	27*	0*	0*	0*
Administrative and waste services	338*	300*	276*	291*	388*	289*	4*	0*
Educational services	108*	113*	111*	97*	90*	0*	0*	78*
Health care and social assistance	534*	570*	575*	595*	578*	0*	0*	603*
Arts, entertainment, and recreation	105*	110*	123*	104*	91*	122*	124*	119*
Accommodation and food services	632*	698*	674*	672*	620*	674*	652*	1,535*
Other services, except public administration	450	528	516	446	412	475	457	386
Public administration	0	0	0	0	0	0	0	0
Unclassified	56*	68*	65*	38*	47	43	40	34

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

Employment opportunities in the assessment area are driven by government, retail services, manufacturing, and accommodation and food services. Major employers within the assessment area include Rockbridge County Schools, Mohawk ESV Inc., Wal-Mart, Truckstops of America, and the County of Rockbridge.

Rockbridge County, VA NonMSA Unemployment Rates					
Area	2020	2021	2022	2023	2024
Rockbridge County, VA NonMSA AA	6.0%	3.9%	3.0%	2.9%	3.0%
Rockbridge County, VA	5.7%	3.7%	2.7%	2.5%	2.6%
Buena Vista City, VA	6.4%	4.3%	3.1%	2.7%	3.0%
Lexington City, VA	6.4%	4.6%	3.9%	4.0%	4.2%
NonMSA Virginia	7.4%	4.6%	3.4%	3.4%	3.6%
Virginia	6.5%	3.8%	2.7%	2.7%	2.9%

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

Unemployment rates within the assessment area have significantly declined since the end of the COVID-19 pandemic in 2020. Generally, unemployment rates in the assessment area are lower than nonmetropolitan areas of Virginia and similar to rate in the overall Commonwealth of Virginia.

Rockbridge 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
Rockbridge County, VA NonMSA AA	83.4%	44.2%	40.4%	52.5%	18.4%	14.5%
Rockbridge County, VA	75.0%	32.0%	32.2%	48.9%	19.2%	13.9%
Buena Vista City, VA	97.0%	64.9%	51.3%	55.3%	14.0%	18.0%
Lexington City, VA	78.4%	65.0%	45.7%	81.3%	20.0%	13.8%
NonMSA Virginia	65.2%	30.6%	36.3%	51.1%	24.3%	17.4%
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

Within the assessment area, housing cost burden for renters is greater than that for homeowners, which is comparable to the housing cost burden in nonmetropolitan Virginia areas and the Commonwealth of Virginia. Additionally, housing cost burden for low-income individuals, regardless of renting or owning, is significantly higher than all others.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

When evaluating the bank’s residential mortgage, 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 CB’s small business lending.

Aggregate HMDA and CRA loan data is also used to estimate viable loan demand when evaluating the bank’s residential mortgage and small business lending and includes all activity reported by lenders subject to reporting HMDA and CRA data within the bank’s assessment area. Because the bank does not report HMDA or CRA data, its residential mortgage and small business lending is not included in the aggregate data.

To evaluate the borrower and geographic 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 evaluating the borrower and geographic distribution performance of the bank’s residential mortgage lending, performance for Not Applicable, Other Closed and Other Line of Credit loan categories were not evaluated because the categories contain relatively few loans in the aggregate and not all HMDA reporters are required to report each loan category.

Loan-To-Deposit Ratio

The bank’s loan-to-deposit ratio, as of September 30, 2025, equaled 94.8% and averaged 91.4% for the preceding 14-quarter period ending September 30, 2025. In comparison, the quarterly average loan-to-deposit ratios for one peer bank operating in CB’s assessment area ranged from 66.1% to 93.5%, during the same 14-quarter period ending September 30, 2025. Since the previous evaluation, the bank’s assets, net loans, and deposits increased by 12%, 15.1%, and 3.6%, respectively. CB’s loan-to-deposit ratio is considered more than reasonable given the institution’s size, financial condition, and local credit needs.

Assessment Area Concentration

To determine the institution’s volume of lending within its assessment area, the geographic location of the bank’s 2023 and 2024 residential mortgage and 2023 small business loans were considered. The lending distribution inside and outside of the bank’s assessment areas is represented in the following table. A majority of loans and other lending-related activities are in the bank’s assessment area.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	24	80.0	7,398	83.8	6	20.0	1,426	16.2
Home Improvement	0	0.0	0	0.0	0	0.0	0	0.0
Refinancing	17	77.3	5,778	74.4	5	22.7	1,993	25.6
Multi-Family Housing	0	0.0	0	0.0	0	0.0	0	0.0
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	15	93.8	1,058	95.1	1	6.3	55	4.9
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total Residential Mortgage Related	56	82.4	14,234	80.4	12	17.6	3,474	19.6
Small Business	23	74.2	2,753	69.7	8	25.8	1,195	30.3
TOTAL LOANS	79	79.8	16,987	78.4	20	20.2	4,669	21.6

As previously noted, the evaluation includes two years of residential mortgage loans and one year of small business loans. After accounting for this difference, a majority of the number and dollar volume of loans considered in the evaluation were originated within the bank’s assessment area. Overall, the institution’s level of lending in the assessment area is considered responsive to community credit needs.

The remaining loan distribution analyses discussed in this performance evaluation only consider loans originated and purchased within the bank’s assessment area. Within the assessment area, the bank originated residential mortgage loans totaling \$8.3 million and small business loans totaling \$2.8 million in 2023. Accordingly, the bank’s residential mortgage performance is given more weight when evaluating the bank’s lending performance.

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

The bank’s borrower distribution is considered reasonable overall. The distribution performance for residential mortgage is reasonable and the distribution performance for small business is also reasonable.

Residential Mortgage Lending

The borrower distribution performance of residential mortgage lending is considered reasonable overall. From a product category perspective, performance for home purchase is reasonable, while performance for refinance is poor. In reaching an overall conclusion, more weight was placed on the home purchase performance than the refinance performance because of the larger dollar volume of home purchase loans within the assessment area.

The performance of Home Improvement loans was not considered as the bank did not originate any such loans during 2023 and 2024.

Distribution of 2023 and 2024 Residential Mortgage Lending By Borrower Income Level													
Assessment Area: Rockbridge County, VA NonMSA													
Borrower Income Level	Bank And Aggregate Loans By Year												Families by Family Income %
	2023						2024						
	Bank		Agg		Bank		Agg		Bank		Agg		
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%	\$%	
Home Purchase Loans													
Low	1	8.3	5.3	207	7.6	2.4	1	8.3	3.5	100	2.1	15	17.9
Moderate	2	16.7	13.9	297	10.9	9.3	0	0.0	12.6	0	0.0	7.7	19.6
Middle	2	16.7	19.2	181	6.7	15.9	2	16.7	18.9	267	5.7	15.8	19.9
Upper	1	8.3	37.9	1000	36.8	48.2	4	33.3	39.4	2,732	58.4	49.3	42.5
Unknown	6	50.0	23.7	1035	38.1	24.3	5	41.7	25.5	1579	33.8	25.7	0.0
Total	12	100.0	100.0	2,719	100.0	100.0	12	100.0	100.0	4,678	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	12.8	0	0.0	5.4	0	0.0	5.9	0	0.0	3.1	17.9
Moderate	2	15.4	20.5	198	3.8	13.3	0	0.0	17.8	0	0.0	10.5	19.6
Middle	1	7.7	23.1	70	13	20.0	2	50.0	23.7	263	44.8	23.8	19.9
Upper	0	0.0	25.6	0	0.0	39.6	0	0.0	35.6	0	0.0	38.8	42.5
Unknown	10	76.9	17.9	4,922	94.8	218	2	50.0	16.9	325	55.3	23.8	0.0
Total	13	100.0	100.0	5,190	100.0	100.0	4	100.0	100.0	588	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	2.3	0	0.0	0.7	0	0.0	1.5	0	0.0	0.4	17.9
Moderate	0	0.0	27.3	0	0.0	24.8	0	0.0	17.9	0	0.0	13.2	19.6
Middle	0	0.0	29.5	0	0.0	25.3	0	0.0	11.9	0	0.0	6.2	19.9
Upper	0	0.0	36.4	0	0.0	45.7	0	0.0	62.7	0	0.0	66.4	42.5
Unknown	0	0.0	4.5	0	0.0	3.4	0	0.0	6.0	0	0.0	13.8	0.0
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													
Low	1	3.3	6.3	207	2.5	2.8	1	3.8	4.0	100	1.7	18	17.9
Moderate	5	16.7	16.8	506	6.1	10.4	2	7.7	15.3	55	0.9	8.9	19.6
Middle	6	20.0	21.0	506	6.1	17.0	6	23.1	20.2	626	10.5	16.9	19.9
Upper	1	3.3	36.8	1000	12.1	48.0	10	38.5	40.5	3,289	55.1	48.2	42.5
Unknown	17	56.7	19.2	6,042	73.1	218	7	26.9	19.9	1,904	31.9	24.2	0.0
Total	30	100.0	100.0	8,260	100.0	100.0	26	100.0	100.0	5,973	100.0	100.0	100.0
Source: 2024 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.													

Home Purchase

During 2023, the bank’s home purchase lending to low-income borrowers (8.3%) lagged the percentage of area low-income families (17.8%) but exceeded the level of aggregate lending (5.3%). Similarly, home purchase lending to moderate-income borrowers (16.7%) lagged the percentage of area moderate-income families (19.6%) but exceeded the level of aggregate lending (13.9%). During 2023, CB’s performance was excellent largely because of the degree that the bank’s lending to low- and moderate-income borrowers exceeded the corresponding aggregate data percentages.

In 2024, the bank’s home purchase lending to low-income borrowers (8.3%) also lagged the percentage of low-income families (17.9%) but exceeded the aggregate lending percentage (3.5%). While 19.6% of area families are moderate-income and 12.6% of aggregate reported loans were to moderate-income borrowers, none (0%) of the bank’s loans were to moderate-income borrowers. The demographic and aggregate data indicate that opportunities to make such loans existed within the assessment area during 2024. CB’s performance was poor during 2024 largely because of its performance when lending to moderate-income borrowers.

While the bank’s home purchase performance varied between 2023 and 2024, the bank’s home purchase performance is considered reasonable overall in part because of its excellent performance during 2023.

Refinance

During 2023, the bank made no refinance loans to low-income borrowers; however, the demographic and aggregate data indicate that opportunities existed with 17.8% of area families being low-income and 12.8% of aggregate lending to low-income borrowers. Refinance lending to moderate-income borrowers (15.4%) lagged both the percentage of area moderate-income families (19.6%) and the level of aggregate lending (20.5%). The bank’s performance in 2023 is considered poor.

In 2024, the bank made no refinance loans to either low-income or moderate-income borrowers. In both cases, the demographic and aggregate data indicated opportunities to make such loans existed. Demographic data indicated that 17.9% and 19.6% of all area families were low- or moderate-income. Similarly, 5.9% and 17.8% of the aggregate lending was to low- and moderate-income borrowers, respectively. The bank’s performance during 2024 is considered very poor.

Overall, the bank’s refinance lending borrower distribution performance is considered poor. In arriving at the overall performance conclusion, more weight was placed on the bank’s performance during 2023 because of the larger dollar volume of refinance lending during that year.

Small Business Lending

The borrower distribution performance of small business lending is considered reasonable overall.

Distribution of 2023 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Rockbridge County, VA NonMSA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	
By Revenue							
\$1 Million or Less	17	73.9	68.5	1,989	72.2	50.7	93.8
Over \$1 Million	5	21.7		728	26.4		4.9
Revenue Unknown	1	4.3		36	1.3		1.3
Total	23	100.0		2,753	100.0		100.0
By Loan Size							
\$100,000 or Less	16	69.6	97.1	626	22.7	58.9	
\$100,001 - \$250,000	3	13.0	1.9	533	19.4	16.1	
\$250,001 - \$1 Million	4	17.4	1.0	1,594	57.9	25.0	
Total	23	100.0	100.0	2,753	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	12	70.6		451	22.7		
\$100,001 - \$250,000	2	11.8		344	17.3		
\$250,001 - \$1 Million	3	17.6		1,194	60.0		
Total	17	100.0		1,989	100.0		
<i>Source: 2023 FFIEC Census Data</i>							
<i>2023 Dun & Bradstreet Data</i>							
<i>2016-2020 U.S. Census Bureau: American Community Survey</i>							
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>							

The bank's lending to businesses with annual revenues of \$1 million or less (73.9%) lagged the percentage of area businesses having revenues of \$1 million or less (93.8%) but exceeded the level of aggregate lending (68.5%) during 2023. With respect to distribution by loan size, 69.6% of the bank's small business loans were in amounts of \$100,000 or less, while aggregate data reflects 97.1% of small business loans being in amounts of \$100,000 or less. Overall, the bank's small business lending borrower distribution is considered reasonable, and the conclusion is driven by the bank's lending to businesses with annual revenues of \$1 million or less.

Geographic Distribution of Loans

The bank's geographic distribution performance is considered excellent overall; however, there is some variation in performance by loan type. The bank's residential mortgage lending performance was excellent, while its small business lending performance was very poor. However, within the assessment area there were no low-income census tracts and only one moderate income in 2023, and the moderate-income census tract is primarily a residential area. Because small business lending opportunities in the moderate-income census tract were limited, more weight was placed upon the bank's residential mortgage performance

No significant unexplained gaps in lending were noted within the bank's assessment area.

Residential Mortgage Lending

The geographic distribution performance of residential mortgage lending is considered excellent overall. Home purchase lending is considered reasonable, while refinance lending is considered excellent. While the bank originated a larger dollar volume of home purchase loans within the assessment area, the overall conclusion reflects the strength of performance associated with the bank's refinance lending during the evaluation period.

Given that the bank did not originate any home improvement or multifamily loans during 2023 and 2024, performance of these loans was not evaluated or considered in this assessment area.

Distribution of 2023 and 2024 Residential Mortgage Lending By Income Level of Geography													
Assessment Area: Rockbridge County, VA NonMSA													
Geographic Income Level	Bank And Aggregate Loans By Year											Owner Occupied Units %	
	2023						2024						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank			Agg
	#	%	%	\$(000)	\$%	\$%	#	%	%	\$(000)	\$%		\$%
Home Purchase Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	1	8.3	7.8	108	4.0	5.5	3	25.0	210	849	18.1	16.1	16.0
Middle	8	66.7	66.6	1326	48.8	66.7	7	58.3	54.5	3,637	77.7	58.0	55.3
Upper	3	25.0	25.1	1286	47.3	27.4	2	16.7	24.2	192	4.1	25.8	28.7
Unknown	0	0.0	0.6	0	0.0	0.4	0	0.0	0.3	0	0.0	0.2	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	12	100.0	100.0	2,719	100.0	100.0	12	100.0	100.0	4,678	100.0	100.0	100.0
Refinance Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	2	16.4	6.0	3,245	62.5	7.5	0	0.0	12.7	0	0.0	11.7	16.0
Middle	7	58.3	68.4	800	15.4	71.3	2	50.0	65.3	193	32.8	66.0	55.3
Upper	4	30.8	25.6	1,145	22.1	21.2	2	50.0	22.0	395	67.2	22.3	28.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	13	100.0	100.0	5,190	100.0	100.0	4	100.0	100.0	588	100.0	100.0	100.0
Home Improvement Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	2.3	0	0.0	2.1	0	0.0	26.9	0	0.0	21.4	16.0
Middle	0	0.0	70.5	0	0.0	69.1	0	0.0	40.3	0	0.0	53.4	55.3
Upper	0	0.0	27.3	0	0.0	28.8	0	0.0	32.8	0	0.0	25.2	28.7
Unknown	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Multifamily Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	15.2
Middle	0	0.0	33.3	0	0.0	15.5	0	0.0	33.3	0	0.0	12.2	41.2
Upper	0	0.0	33.3	0	0.0	12.6	0	0.0	66.7	0	0.0	87.8	32.9
Unknown	0	0.0	33.3	0	0.0	73.9	0	0.0	0.0	0	0.0	0.0	10.7
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	0	0.0	100.0	100.0
Total Home Mortgage Loans													
Low	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0.0
Moderate	3	10.0	6.9	3,353	40.6	5.4	5	19.2	20.5	904	15.1	15.9	16.0
Middle	20	66.7	66.6	2,477	30.0	62.7	15	57.7	54.2	4,367	73.1	58.2	55.3
Upper	7	23.3	26.0	2,431	29.4	26.2	6	23.1	25.2	702	11.8	25.8	28.7
Unknown	0	0.0	0.5	0	0.0	5.6	0	0.0	0.2	0	0.0	0.1	0.0
Tract-Unk	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	
Total	30	100.0	100.0	8,260	100.0	100.0	26	100.0	100.0	5,973	100.0	100.0	100.0

Source: 2024 FFIEC Census Data
2016-2020 U.S. Census Bureau: American Community Survey
Note: Percentages may not total 100.0 percent due to rounding.

Home Purchase

During 2023, the bank’s home purchase lending in moderate-income census tracts (8.3%) lagged the percentage of owner-occupied housing units (16%) but approximated the level of aggregate lending (7.8%). The bank’s performance in 2023 is reasonable, and its performance in 2024 is substantially similar.

Refinance

During 2023, the bank’s refinance lending in moderate-income census tracts (15.4%) substantially exceeded the percentage of owner-occupied housing units (6.3%) and aggregate lending (6%) during 2023. The bank’s performance in 2023 is considered excellent.

During 2024, the bank made no refinance loans in area moderate-income census tracts; however, the demographic and aggregate data indicated that opportunities to make such loans existed with 16% of all owner-occupied housing units and 12.7% of aggregate lending located in the assessment area’s two moderate-income census tracts. The bank’s performance during 2024 is considered very poor.

Overall, the bank’s refinance lending geographic distribution performance is considered excellent. In arriving at the overall performance conclusion, more weight was placed on the bank’s performance during 2023 because of the larger dollar volume of refinance lending during that year. The bank’s strength of performance during 2023 is also a factor in the overall conclusion.

Small Business Lending

The geographic distribution performance of small business lending is considered very poor overall.

Distribution of 2023 Small Business Lending By Income Level of Geography							
Assessment Area: Rockbridge 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	0	0.0	8.4	0	0.0	5.1	4.3
Middle	12	52.2	66.0	455	16.5	63.0	59.3
Upper	10	43.5	22.6	2,043	74.2	22.9	32.6
Unknown	1	4.3	2.3	255	9.3	8.9	3.8
Tract-Unk	0	0.0	0.8	0	0.0	0.2	
Total	23	100.0	100.0	2,753	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, demographic and aggregate data indicate that opportunities to lend in moderate-income census tracts were limited with only 4.3% of area businesses and 8.4% of aggregate loans located within the assessment area’s only moderate-income census tract. This census tract is located in the City of Buena Vista. According to D&B demographic data only 68 businesses were located in the moderate-income tract during 2023. While opportunities to make small business loans in the moderate-income census tract were limited, the absence of any such lending by the bank is considered very poor.

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.

CRA APPENDIX A

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.