



PUBLIC DISCLOSURE

December 2, 2024

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Integrity Bank for Business

Virginia Beach, 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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Virginia Beach, VA 23452

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

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

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable giving the bank's size, financial condition, and lending capacity.
- A substantial majority of the institution's small business loans were originated within its assessment area.
- Borrower distribution performance reflects a reasonable penetration among businesses of different sizes.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since its inception in 2021.

SCOPE OF EXAMINATION

Integrity Bank for Business (IBB) was evaluated using the interagency examination procedures for small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). IBB was not required to collect or report HMDA data during 2021, 2022, and 2023. Given the bank's business model and lending activity since its inception, small business lending was identified as the bank's primary credit product. As such, all small business loans originated during 2021, 2022, and 2023 were included in the evaluation. A member of the community was contacted to discern information about local economic conditions and credit needs. The evaluation consisted of one full-scope review of the bank's Virginia Beach-Norfolk-Newport News, VA assessment area.

DESCRIPTION OF INSTITUTION

IBB is a financial institution headquartered in Virginia Beach, Virginia. This is IBB's first CRA evaluation performed since the bank opened in 2021. No known legal impediments exist that would constrain the bank in meeting the credit needs of its assessment area.

As of September 30th, 2024, IBB held \$90.1 million in assets, of which 47% were net loans. As of this same date, deposits totaled \$54.1 million. The bank's product offerings are exclusive to commercial lending and deposit products, as well as personal loans/lines for business purpose only. The composition of the loan portfolio (reflecting gross loans) is represented in the following table.

Composition of Loan Portfolio

Loan Type	9/30/2024	
	\$ (000s)	%
Secured by 1-4 Family dwellings	6,457	15.2
Multifamily	1,576	3.7
Construction and Development	9,078	21.3
Commercial & Industrial/ NonFam NonResidential	25,439	59.8
Consumer Loans and Credit Cards	0	0.0
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	42,550	100.0

As indicated in the preceding table, IBB is primarily a commercial/small business lender. Due to the limited volume of loans originated since the bank opened in 2021, three full years of small business loan data was included in the evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN VIRGINIA BEACH-NORFOLK-NEWPORT NEWS, VA ASSESSMENT AREA

IBB currently operates one full-service branch office serving one assessment area located in southeastern Virginia within the Virginia Beach-Norfolk-Newport News, VA MSA. The bank's assessment area includes all census tracts in the contiguous Cities of Virginia Beach, Chesapeake, and Norfolk, Virginia. IBB's sole branch is located in a moderate-income census tract. Recent data (June 30, 2023) from the Federal Deposit Insurance Corporation indicates IBB ranks 12th out of 17 banks in local deposit market share, holding 0.4% of area deposits (excluding credit union deposits).

According to American Community Survey (ACS) data from 2020, the assessment area has a population of 946,897 and a median housing value of \$274,039. The owner-occupancy rate for the assessment area equals 56.7%, which mirrored the owner-occupancy rate for the entire Virginia Beach-Norfolk-Newport News, VA MSA (56.7%) and was similar to the Commonwealth of Virginia (60%). Within the assessment area, 7.2% of families are considered below the poverty level, which is slightly lower than the percentage of such families in the entire MSA (7.7%) and slightly higher than the percentage in the Commonwealth (6.8%). The estimated median family incomes for the Virginia Beach-Norfolk-Newport News, VA-NC MSA equaled \$80,800, \$93,200, and \$99,800, respectively, during 2021, 2022, and 2023. The following tables provide pertinent demographic data for the assessment area.

2021 Virginia Beach-Norfolk-Newport News, VA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	13	5.9	8,340	3.7	3,000	36.0	45,387	20.1
Moderate	59	26.6	53,274	23.6	8,585	16.1	38,929	17.2
Middle	77	34.7	80,546	35.6	6,179	7.7	46,060	20.4
Upper	67	30.2	83,194	36.8	2,841	3.4	95,565	42.3
Unknown	6	2.7	587	0.3	122	20.8	0	0.0
Total AA	222	100.0	225,941	100.0	20,727	9.2	225,941	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	15,200	3,580	1.8	23.6	10,220	67.2	1,400	9.2
Moderate	96,436	34,962	17.4	36.3	53,126	55.1	8,348	8.7
Middle	127,091	73,721	36.7	58.0	44,198	34.8	9,172	7.2
Upper	123,382	88,255	43.9	71.5	25,633	20.8	9,494	7.7
Unknown	1,493	310	0.2	20.8	800	53.6	383	25.7
Total AA	363,602	200,828	100.0	55.2	133,977	36.8	28,797	7.9
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,090	2.4	987	2.3	94	3.2	9	3.2
Moderate	9,730	21.2	8,887	20.8	793	27.2	50	17.9
Middle	17,181	37.4	15,898	37.2	1,196	41.0	87	31.2
Upper	17,363	37.8	16,488	38.6	746	25.6	129	46.2
Unknown	592	1.3	498	1.2	90	3.1	4	1.4
Total AA	45,956	100.0	42,758	100.0	2,919	100.0	279	100.0
Percentage of Total Businesses:				93.0		6.4		0.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.4	1	0.4	0	0.0	0	0.0
Moderate	24	8.9	24	9.1	0	0.0	0	0.0
Middle	56	20.8	56	21.3	0	0.0	0	0.0
Upper	188	69.9	182	69.2	6	100.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	269	100.0	263	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.8		2.2		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Virginia Beach-Norfolk-Newport News, VA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	17	6.7	12,015	5.1	3,929	32.7	44,599	19.1
Moderate	61	24.0	47,551	20.3	5,623	11.8	41,978	17.9
Middle	86	33.9	85,206	36.4	4,393	5.2	49,541	21.2
Upper	83	32.7	88,336	37.8	2,434	2.8	97,813	41.8
Unknown	7	2.8	823	0.4	379	46.1	0	0.0
Total AA	254	100.0	233,931	100.0	16,758	7.2	233,931	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	21,167	4,366	2.1	20.6	14,784	69.8	2,017	9.5
Moderate	84,631	31,865	15.0	37.7	45,098	53.3	7,668	9.1
Middle	136,424	82,571	38.8	60.5	45,420	33.3	8,433	6.2
Upper	131,216	93,658	44.0	71.4	28,825	22.0	8,733	6.7
Unknown	2,146	500	0.2	23.3	1,287	60.0	359	16.7
Total AA	375,584	212,960	100.0	56.7	135,414	36.1	27,210	7.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,413	3.1	1,313	3.1	86	3.1	14	4.7
Moderate	8,827	19.4	8,109	19.1	676	24.3	42	14.2
Middle	17,684	38.8	16,385	38.6	1,205	43.4	94	31.8
Upper	17,041	37.4	16,180	38.1	718	25.8	143	48.3
Unknown	596	1.3	499	1.2	94	3.4	3	1.0
Total AA	45,561	100.0	42,486	100.0	2,779	100.0	296	100.0
Percentage of Total Businesses:				93.3		6.1		0.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.4	1	0.4	0	0.0	0	0.0
Moderate	38	14.8	38	15.1	0	0.0	0	0.0
Middle	89	34.6	86	34.3	3	50.0	0	0.0
Upper	129	50.2	126	50.2	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	257	100.0	251	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.7		2.3		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2023 Virginia Beach-Norfolk-Newport News, VA AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	17	6.7	12,015	5.1	3,929	32.7	44,599	19.1
Moderate	61	24.0	47,551	20.3	5,623	11.8	41,978	17.9
Middle	86	33.9	85,206	36.4	4,393	5.2	49,541	21.2
Upper	83	32.7	88,336	37.8	2,434	2.8	97,813	41.8
Unknown	7	2.8	823	0.4	379	46.1	0	0.0
Total AA	254	100.0	233,931	100.0	16,758	7.2	233,931	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	21,167	4,366	2.1	20.6	14,784	69.8	2,017	9.5
Moderate	84,631	31,865	15.0	37.7	45,098	53.3	7,668	9.1
Middle	136,424	82,571	38.8	60.5	45,420	33.3	8,433	6.2
Upper	131,216	93,658	44.0	71.4	28,825	22.0	8,733	6.7
Unknown	2,146	500	0.2	23.3	1,287	60.0	359	16.7
Total AA	375,584	212,960	100.0	56.7	135,414	36.1	27,210	7.2
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1,400	3.1	1,302	3.1	84	3.1	14	4.9
Moderate	8,837	19.4	8,129	19.1	667	24.4	41	14.4
Middle	17,725	38.8	16,445	38.6	1,191	43.6	89	31.2
Upper	17,115	37.5	16,276	38.2	701	25.7	138	48.4
Unknown	586	1.3	494	1.2	89	3.3	3	1.1
Total AA	45,663	100.0	42,646	100.0	2,732	100.0	285	100.0
Percentage of Total Businesses:				93.4		6.0		0.6
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	1	0.4	1	0.4	0	0.0	0	0.0
Moderate	36	13.9	36	14.2	0	0.0	0	0.0
Middle	94	36.3	91	36.0	3	50.0	0	0.0
Upper	128	49.4	125	49.4	3	50.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	259	100.0	253	100.0	6	100.0	0	0.0
Percentage of Total Farms:				97.7		2.3		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.								

As indicated in the preceding tables, the bank's assessment area experienced slight changes during the review period. The bank's lending in 2021 is compared to demographic data from the 2015 American Community Survey (ACS), while its 2022 and 2023 lending is compared to demographic data from the 2020 ACS. In 2021, the assessment area contained 13 low-income census tracts and 59 moderate-income census tracts. These totals increased to 17 low-income and 61 moderate-income census tracts during 2022 and 2023. The percentage of businesses located in low-income census tracts increased from 2.4% in 2021 to 3.1% in subsequent years, while the percentage of businesses in moderate-income tracts decreased from 21.2% in 2021 to 19.4% in subsequent years.

Within the assessment area, major employers include the City of Virginia Beach school system, City of Virginia Beach, Sentara Healthcare, U.S. Department of Defense, Wal-Mart, Stihl, Anthem, Food Lion, and the U.S. Navy. The following table provides annual average unemployment rates from 2018-2022 for localities within the assessment area, the entire MSA, and the Commonwealth.

Virginia Beach-Norfolk-Newport News, VA - Annual Average Unemployment Rates					
Area	2018	2019	2020	2021	2022
Chesapeake city, VA	3.0%	2.8%	6.3%	3.8%	2.9%
Norfolk city, VA	3.7%	3.4%	9.0%	5.6%	3.5%
Virginia Beach city, VA	2.9%	2.7%	6.5%	3.7%	2.8%
Virginia Beach-Norfolk-Newport News, VA-NC MSA	3.3%	3.1%	7.3%	4.5%	3.2%
Virginia	3.0%	2.8%	6.5%	3.9%	2.9%
<i>Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics</i>					

As indicated in the preceding table, prior to the COVID-19 pandemic and subsequent economic shutdown, the assessment area's unemployment rates were trending downward. During 2020, which was the peak of the pandemic and subsequent economic shutdown, the assessment area experienced a sharp increase in unemployment rates. Since the pandemic, unemployment rates have declined and the average annual rates in 2022 are similar to pre-pandemic levels in 2018 and 2019. Generally, the unemployment rate in the City of Norfolk is slightly higher than the rest of the cities in the assessment area, the larger MSA, and the Commonwealth.

A local community development official was contacted during the evaluation to discuss local economic conditions and community credit needs within the bank's assessment area. The organization serves the community by developing affordable housing throughout Virginia Beach, as well as providing housing counseling and tenant support services to low- and moderate-income residents. The contact noted that demand for affordable housing has been exacerbated by post-pandemic economic conditions. The contact also stated that the rising cost of homeownership, as well as the increase in mortgage rates, are the drivers of the demand for more affordable housing. The contact opined that local financial institutions are adequately invested and involved in their communities and was not aware of any discriminatory activities or practices.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

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. Each component is discussed in the following sections.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio is considered reasonable given the bank's size, financial condition, and lending capacity. The bank's current loan-to-deposit ratio equals 78.2% and averaged 62.5% for the 13-quarter period ending September 30, 2024. The closest financial institution of similar asset size in the bank's assessment area has \$645.9 million in assets, in comparison to IBB's asset size of \$90.1 million. Consequently, there are no direct peers by asset size, but the average quarterly loan-to-deposit ratios for larger banks operating in the same market ranged from 40.1% to 101.7% during the same time period. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, IBB's small business lending during 2021-2023 was 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)	%
Small Business	33	89.2	15,325	92.9	4	10.8	1,166	7.1
TOTAL LOANS	33	89.2	15,325	92.9	4	10.8	1,166	7.1

As depicted in the preceding table, a substantial majority of the total number (89.2%) and dollar volume (92.9%) of small business loans originated since the bank's inception were located within the bank's assessment area.

Lending To Businesses of Different Sizes

The bank's small business borrower distribution performance is considered reasonable during 2021, 2022, and 2023. Performance conclusions each year are based on IBB's limited loan volumes.

Distribution of 2021 Small Business Lending By Revenue Size of Businesses							
Assessment Area: Virginia Beach-Norfolk-Newport News, VA							
	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
By Revenue							
\$1 Million or Less	9	81.8	45.2	5,070	87.9	27.0	93.0
Over \$1 Million	2	18.2		700	12.1		6.4
Revenue Unknown	0	0.0		0	0.0		0.6
Total	11	100.0		5,770	100.0		100.0
By Loan Size							
\$100,000 or Less	2	18.2	91.6	145	2.5	33.6	
\$100,001 - \$250,000	2	18.2	4.7	400	6.9	18.5	
\$250,001 - \$1 Million	7	63.6	3.7	5,225	90.6	48.0	
Total	11	100.0	100.0	5,770	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less							
\$100,000 or Less	2	22.2		145	2.9		
\$100,001 - \$250,000	1	11.1		200	3.9		
\$250,001 - \$1 Million	6	66.7		4,725	93.2		
Total	9	100.0		5,070	100.0		
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.							

In 2021, the bank's lending to businesses with annual revenues of \$1 million or less (81.8%) slightly lagged the percentage of such businesses in the area (93%), but it significantly exceeded the percentage of such loans reported by aggregate lenders (45.2%). The remaining percentage of small business loans reported by aggregate lenders either had revenues exceeding \$1 million per year or revenues were unknown. With respect to the distribution by loan size, 18.2% of the bank's small business loans were in amounts of \$100,000 or less compared to 91.6% by aggregate reporters.

During 2021, the aggregate data contains an unknown volume of loans originated under the Small Business Administration's Paycheck Protection Program (PPP) implemented to promote economic stability during the COVID-19 pandemic. Under the PPP, banks were not required to collect or report business revenues. IBB did not participate in the PPP; therefore, the bank's loan data does not contain PPP loans where revenue is unknown. Given the performance context of PPP loans within the aggregate data during 2021, the bank's performance is considered reasonable.

Distribution of 2022 and 2023 Small Business Lending By Revenue Size of Businesses													
Assessment Area: Virginia Beach-Norfolk-Newport News, VA													
	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	#	%	%	\$(000)	%	%	
By Revenue													
\$1 Million or Less	5	38.5	49.7	2,395	43.4	33.4	4	44.4	50.2	1,755	43.4	33.1	93.4
Over \$1 Million	7	53.8		2,718	49.3		5	55.6		2,287	56.6		6.0
Revenue Unknown	1	7.7		400	7.3		0	0.0		0	0.0		0.6
Total	13	100.0		5,513	100.0		9	100.0		4,042	100.0		100.0
By Loan Size													
\$100,000 or Less	1	7.7	95.1	20	0.4	42.5	3	33.3	95.2	267	6.6	42.5	
\$100,001 - \$250,000	2	15.4	2.4	450	8.2	13.4	0	0.0	2.3	0	0.0	13.3	
\$250,001 - \$1 Million	10	76.9	2.4	5,043	91.5	44.1	6	66.7	2.4	3,775	93.4	44.2	
Total	13	100.0	100.0	5,513	100.0	100.0	9	100.0	100.0	4,042	100.0	100.0	
By Loan Size and Revenues \$1 Million or Less													
\$100,000 or Less	0	0.0		0	0.0		1	25.0		95	5.4		
\$100,001 - \$250,000	0	0.0		0	0.0		0	0.0		0	0.0		
\$250,001 - \$1 Million	5	100.0		2,395	100.0		3	75.0		1,660	94.6		
Total	5	100.0		2,395	100.0		4	100.0		1,755	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.													

In 2022, the bank's lending to businesses with annual revenues of \$1 million or less (38.5%) significantly lagged the percentage of area businesses having revenues of \$1 million or less (93.4%), but only slightly lagged the aggregate lending level (49.7%). The remaining percentage of small business loans reported by aggregate lenders either had revenues exceeding \$1 million per year or revenues were unknown. With respect to the distribution by loan size, 7.7% of the bank's small business loans were in amounts of \$100,000 or less compared to 95.1% by aggregate reporters. The bank's level of performance during 2022 is considered reasonable, and its performance during 2023 is similar.

Geographic Distribution of Loans

The bank's small business geographic distribution performance varies by year and is considered reasonable during 2021, excellent during 2022, and reasonable during 2023. On a combined basis, the bank's overall performance is considered reasonable based on the relative volumes of lending and strength of performance during each year reviewed.

Performance each year is largely based on the bank's level of lending in moderate-income census tracts. Within the bank's assessment area, the percentage of area businesses located in low- and moderate-income census tracts is 3.1% and 19.4%, respectively, based on 2020 ACS data. Consequently, lending in moderate-income census tracts was given more weight than lending in low-income tracts.

Distribution of 2021 Small Business Lending By Income Level of Geography							
Assessment Area: Virginia Beach-Norfolk-Newport News, VA							
Geographic Income Level	Bank And Aggregate Loans						Total Businesses %
	Bank		Agg	Bank		Agg	
	#	%	%	\$(000)	%	%	
Low	0	0.0	2.3	0	0.0	3.0	2.4
Moderate	2	18.2	20.7	595	10.3	23.9	21.2
Middle	4	36.4	35.6	3,250	56.3	35.1	37.4
Upper	4	36.4	39.2	1,725	29.9	34.4	37.8
Unknown	1	9.1	1.9	200	3.5	3.6	1.3
Tract-Unk	0	0.0	0.4	0	0.0	0.0	
Total	11	100.0	100.0	5,770	100.0	100.0	100.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey							
Note: Percentages may not total 100.0 percent due to rounding.							

In 2021, the bank did not make any small business lends in low-income census tracts (0%) which lagged the aggregate lending level (2.3%) and the percentage of area businesses (2.4%) located in such tracts. The bank's level of small business lending in moderate-income census tracts (18.2%) approximated the aggregate lending level (20.7%) and the percentage of area businesses (21.2%) located in such tracts. Based largely on the bank's level of lending in moderate-income census tracts, performance in 2021 is considered reasonable.

Distribution of 2022 and 2023 Small Business Lending By Income Level of Geography													
Assessment Area: Virginia Beach-Norfolk-Newport News, VA													
Geographic Income Level	Bank And Aggregate Loans By Year												Total Businesses %
	2022						2023						
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg	
	#	#%	#%	\$(000)	\$%	\$%	#	#%	#%	\$(000)	\$%	\$%	
Low	0	0.0	2.4	0	0.0	1.9	0	0.0	2.5	0	0.0	2.6	3.1
Moderate	4	30.8	19.0	2,800	50.8	19.3	2	22.2	17.7	1,300	32.2	18.9	19.4
Middle	0	0.0	38.4	0	0.0	41.6	5	55.6	37.9	1,577	39.0	42.0	38.8
Upper	8	61.5	37.9	2,313	42.0	33.6	2	22.2	40.1	1,165	28.8	34.2	37.5
Unknown	1	7.7	2.1	400	7.3	3.7	0	0.0	1.8	0	0.0	2.3	1.3
Tract-Unk	0	0.0	0.2	0	0.0	0.1	0	0.0	0.1	0	0.0	0.0	
Total	13	100.0	100.0	5,513	100.0	100.0	9	100.0	100.0	4,042	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.													

In 2022, the bank's lack of small business lending in low-income census tracts (0%) lagged the aggregate lending level (2.4%) and the percentage of area businesses (3.1%) located in such tracts. Conversely, the bank's level of small business lending in moderate-income census tracts (30.8%) significantly exceeded the aggregate lending level (19%) and the percentage of area businesses (19.4%) located in such tracts. Based largely on the bank's level of lending in moderate-income census tracts, performance in 2022 is considered excellent.

In 2023, the bank did not originate any small business lends in low-income tracts (0%) which lagged the aggregate lending level (2.5%) and the percentage of area businesses (3.1%) located in such tracts. Conversely, IBB's level of small business lending in moderate-income census tracts (22.2%) exceeded the aggregate lending level (17.7%) and the percentage of area businesses (19.4%) located in such tracts. On a combined basis, and based largely on the bank's level of lending in moderate-income census tracts, performance in 2023 is considered reasonable.

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 Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.