



PUBLIC DISCLOSURE

August 2, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FIRST BANK

STRASBURG, 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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899428

112 West King Street

Strasburg, VA 22657

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

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INSTITUTION RATING

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 reasonable given the bank's size, financial condition, and demand for credit within the assessment areas.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans considered in the evaluation are in the bank's assessment areas.
- The bank's borrower distribution performance (lending to low- and moderate- income borrowers and small businesses having annual revenues of \$1 million or less) is considered reasonable overall.
- The bank's geographic distribution performance (lending in low- and moderate- income census tracts) is considered reasonable overall.
- The bank's responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and services is adequate.
- There have been no complaints regarding the bank's Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

First Bank (FB) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA loans from 2018, 2019, and 2020 were reviewed. Additionally, small business loans were considered to be a primary product line and were considered in the evaluation. The analysis includes all small business loans originated by FB during calendar years 2018 and 2019. Given its size and branch locations, FB is required to collect and report HMDA, but it is not required to collect or report CRA data. CRA data includes information about a bank's small business and small farm lending. FB optionally collects but does not report CRA data.

Aggregate data from 2020 is currently only available for HMDA lending, as the 2020 aggregate CRA data is not yet available. Because aggregate data captures lending done under the same business and market conditions, aggregate data from 2020 is an important performance context factor needed to evaluate the bank's lending performance especially since the pandemic occurred during most of 2020. Consequently, the bank's 2020 HMDA data is included in this evaluation, but its 2020 small business lending data is not included in this evaluation.

Qualified community development loans and services are considered since the previous evaluation (June 4, 2018). 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.

To help determine the availability of community development opportunities in the assessment areas, the CRA public evaluations of other financial institutions within the assessment areas were reviewed. Additionally, members of the community were contacted to discern information about local economic conditions, local credit needs, performance of banks in the assessment areas, and potential community development opportunities.

FB serves six assessment areas located in the Commonwealth of Virginia. Based upon the number of branch locations, loan activity, and the proportion of deposits, full-scope evaluation procedures were applied to the following assessment areas. **Appendix B** contains the loan volume, deposit volume, and branch percentages for the institution and assisted in the determination of the scope for the evaluation.

- Washington-Arlington-Alexandria, VA
- Shenandoah County, VA nonmetropolitan (NonMSA)
- Harrisonburg-Staunton, VA

Two of the remaining assessment areas were subject to the limited review process provided by the FFIEC. For each assessment area reviewed utilizing the limited-scope evaluation procedures, a determination was made as to whether performance was consistent with the assigned overall institutional rating.

The bank's sixth and remaining assessment area resulted from FB's acquisition of The Bank of Fincastle in July 2021, which also created a new assessment area (i.e. Roanoke, VA assessment area) for FB. Because this assessment area did not exist until July 2021, FB's performance in the Roanoke, VA assessment area was not evaluated during this evaluation. **Appendix A** includes abbreviated information about the FB's performance in the limited-scope assessment areas.

During 2018, Buckingham County, Virginia, was part of the Charlottesville, VA Metropolitan Statistical Area (MSA); however, Buckingham County was reclassified as a nonMSA area in 2019. Because the bank operates a branch in Buckingham County, FB delineated a Charlottesville, VA assessment area during 2018. When Buckingham County was reclassified as a nonMSA area, it was added to the bank's Prince Edward, VA NonMSA assessment area because Buckingham County is adjacent to Prince Edward County, VA. Because FB's Charlottesville, VA assessment area only existed during 2018 and activities in Buckingham County are included in the Prince Edward, VA NonMSA assessment area during 2019 and 2020, FB's performance in its Charlottesville, VA assessment area was not considered as part of this evaluation.

DESCRIPTION OF INSTITUTION

FB is headquartered in Strasburg, Virginia and operates 19 full-service branch offices in Virginia. In addition, the bank operates one limited-service branch office and one loan production office within its existing assessment areas. The bank is wholly owned by First National Corporation, a single bank holding company, also headquartered in Strasburg, Virginia. This evaluation considered only the activities of the bank during the review period and does not include or consider any activities of any affiliates or subsidiaries. The bank's previous CRA rating, dated June 4, 2018, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of June 30, 2021, FB had approximately \$1 billion in assets, of which 59.8% were net loans and 22.8% were securities. As of the same date, deposits totaled approximately \$929.3 million. Various deposit and loan products are available through the institution including loans for residential mortgage, business, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the follow table.

Composition of Loan Portfolio

Loan Type	6/30/2021	
	\$(000s)	%
Secured by 1-4 Family dwellings	235,157	38.1
Multifamily	27,447	4.4
Construction and Development	25,035	4.1
Commercial & Industrial/ NonFarm NonResidential	320,246	51.9
Consumer Loans and Credit Cards	5,354	0.9
Agricultural Loans/ Farmland	727	0.1
All Other	3,381	0.5
Total	617,347	100.0

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed, and promote economic stability during the Coronavirus (COVID-19) pandemic. Since the PPP was established, FB has originated 996 loans totaling approximately \$103.8 million. FB’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on branch location and lending patterns, the bank delineated six assessment areas located in central and northwestern Virginia. Since its previous evaluation, FB acquired The Bank of Fincastle in July 2021. Through its acquisition of The Bank of Fincastle, FB acquired six bank branches and approximately \$267.2 million in assets, \$195.4 million in loans, and \$236.3 million in deposits. The Bank of Fincastle’s branches were all located within Botetourt County, Virginia, which is part of the Roanoke, VA MSA. Following its acquisition of The Bank of Fincastle, FB delineated a new assessment area that includes most but not all of the Roanoke, VA MSA. As previously noted, performance in this new assessment area is not evaluated because the loan data included in the evaluation all occurred before FB acquired The Bank of Fincastle.

FB also closed on branch office during the evaluation period; however, this closure did not affect its assessment area delineations because the bank operates other branches in the assessment area where FB closed the branch office. **Appendix C** includes information about the composition of the bank’s assessment areas and its branching activity since the previous evaluation.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating a bank’s HMDA performance, relevant area demographic data from the American Community Survey (ACS) is used as a proxy for demand. 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 2015 ACS and Dun and Bradstreet (D&B) business data from 2018 and 2019 are used, respectively.

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

The geographic and borrower distribution performance of HMDA loans focused on performance for home purchase, home improvement, refinancing, and multi-family loan categories. Performance for the not applicable, other closed, and other line of credit loan categories was not evaluated because not all HMDA reporters are required to report each loan category, or the category contains relatively few loans overall.

To evaluate the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated. To arrive at an overall conclusion regarding the distribution of lending performance, each loan category is then generally weighted by dollar volume of such loans made in the assessment area. Because of the unequal number of years, only 2018 and 2019 dollar amounts are used for weighting purposes. During 2018 and 2019, the bank originated \$69.1 million in HMDA and \$68.9 million in small business.

While HMDA loan data from calendar years 2018, 2019, and 2020 and small business data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2020 are presented in the assessment area tables for HMDA and bank and aggregate data from 2019 are presented for small business. In instances where the performance for the years not presented in the table varies significantly from the performance in the year presented in the table, the variance and the corresponding impact on overall performance is discussed. In the two assessment areas reviewed using the limited review procedures, the table includes HMDA and small business data from 2019 because aggregate data is available for both products.

Within FB's assessment area, a high level of small business lending activity was reported by specialized lenders, who often originate or purchase small business loans in the form of credit cards. The loans, however, tend to be much smaller in size than traditional small business bank loans, and a substantial majority of such loans do not have revenue data reported. The presence of these lenders is reflected in a smaller market share for traditional lenders and tends to understate the percentage of aggregate lending to businesses with annual revenues of \$1 million or less. These factors were considered as an aspect of performance context when evaluating the level and distribution of small business lending.

Loan-To-Deposit Ratio

The bank's current loan-to-deposit ratio equals 65.8% and averaged 76.2% for the 13-quarter period ending June 30, 2021. In comparison, the quarterly average loan-to-deposit ratios for ten similarly situated institutions that operate in at least one of FB's assessment areas ranged from 45.2% to 100.9% during the same 13-quarter period. Since June 30, 2018, FB's assets, net loans, and deposits have increased by 34.1%, 16.1%, and 33.2% respectively. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given the institution's size, financial condition, and local credit needs.

Lending in Assessment Areas

To determine the institution's volume of lending within its assessments areas, the geographic location of the bank's 2018, 2019, and 2020 HMDA, and 2018 and 2019 small business lending were considered. The lending distribution inside and outside of the bank's assessment areas is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	184	86.8	39,224	83.5	28	13.2	7,753	16.5
Home Improvement	34	85.0	1,899	83.3	6	15.0	380	16.7
Refinancing	220	89.8	46,333	89.0	25	10.2	5,724	11.0
Multi-Family Housing	32	84.2	29,641	89.9	6	15.8	3,346	10.1
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	36	90.0	3,395	65.9	4	10.0	1,760	34.1
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	506	88.0	120,492	86.4	69	12.0	18,963	13.6
Small Business	483	93.4	68,894	92.5	34	6.6	5,607	7.5
TOTAL LOANS	989	90.6	189,386	88.5	103	9.4	24,570	11.5

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

The bank's borrower distribution performance (lending to low- and moderate-income borrowers and small businesses having annual revenues of \$1 million or less) varies from very poor to excellent by year and product. Overall, borrower distribution performance is considered reasonable, and is discussed in greater detail in subsequent sections of this evaluation.

Geographic Distribution of Loans

Similar to its borrower distribution performance, FB's geographic distribution performance (lending in low- and moderate-income census tracts) varies from poor to excellent by year and product. After accounting for performance variations, the bank's overall geographic distribution performance is considered reasonable overall.

Community Development Loans, Investments, and Services

FB supports community development initiatives and organizations that benefit its local assessment areas and broader statewide area by funding community development loans, providing community development services, and donating to community organizations. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

Activities that benefit multiple bank assessment areas or a larger statewide or regional area include the following:

- The bank has invested approximately \$11.9 million in four bonds issued by the Small Business Administration (SBA) that fund small business development companies (SBDCs). SBDCs support small business development by providing equity financing, intermediate and long-term debt, and management services to businesses that meet size criteria established by the SBA. The SBDCs serve multi-state areas that include the Commonwealth of Virginia.
- The bank invested approximately \$1.6 million in two bonds issued by the Virginia Housing Development Authority (VHDA). The VHDA promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- The bank invested \$453,762 in the Farragut Mezzanine Partners III, LP. Farragut operates a licensed Small Business Investment Company (SBIC). SBICs are licensed by the SBA and support small business development and job creation by providing debt and equity financing, and at times, advisory services to small businesses. The SBIC's defined market area includes the Commonwealth of Virginia.
- United Way – During the evaluation period, FB donated \$49,275 to the United Way chapters serving its assessment areas. Similarly, a large number of employees participated in community service activities with the United Way in each of the bank's assessment areas.
- The bank implemented various temporary services including extensions, payment deferrals, and fee waivers on various products in response to the COVID-19 global pandemic crisis.

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.

METROPOLITAN AREAS
*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN WASHINGTON-ARLINGTON-
ALEXANDRIA, VA ASSESSMENT AREA**

This assessment area is located in northern Virginia and includes contiguous portions of the Winchester, VA-WV MSA and the Washington-Arlington-Alexandria, DC-VA-MD-WV metropolitan division (MD). The bank's delineation in the Winchester, VA-WV MSA includes all of the City of Winchester and Frederick County, Virginia, and all of Warren County, Virginia, in the Washington-Arlington-Alexandria, DC-VA-MD-WV MD. The bank's assessment area does not include all of the MSA or the MD. Together, the MSA and MD comprise the Washington-Arlington-Alexandria, DC-MD-VA-WV Combined Statistical Area (CSA). While the CSA is located within a multistate area, the bank's branches and assessment area are located within only the Commonwealth of Virginia, and the assessment area is not a multistate assessment area.

The bank operates four full-service branches and one limited-service branch in this assessment area. Recent data (June 30, 2020) from the Federal Deposit Insurance Corporation (FDIC) indicates that FB ranks 4th out of 13 institutions in local deposit market share, holding 10.5% of area deposits (credit union deposits are not reflected in the deposit market share). According to 2020 aggregate loan data, the institution ranked 27th out of 363 lenders in reported HMDA volume with a .9% market share.

According to 2015 ACS data, the assessment area has a population of 146,989 and a median housing value of \$220,188. Within the assessment area, the owner-occupancy rate equals 64.5%, which exceeds the owner-occupancy rate for the Commonwealth of Virginia (59.2%), the Winchester, VA-WV MSA (57.6%), and the Washington-Arlington-Alexandria, DC-VA-MD-WV MD (57.8%). The percentage of families living below the poverty level in the assessment area (6.3%) is lower than the Commonwealth of Virginia (8.2%) and the Winchester, VA-WV MSA (6.8%), but slightly higher than the Washington-Arlington-Alexandria, DC-VA-MD-WV MD (6.1%).

Area median family incomes during 2018, 2019, and 2020 are detailed in the following table.

Median Family Income	2018	2019	2020
Winchester, VA-WV MSA	\$71,100	\$73,500	\$83,400
Washington-Arlington-Alexandria, DC-VA-MD-	\$114,900	\$114,700	\$118,700

The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria, VA <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,828	23.3
Moderate	9	33.3	10,944	28.9	1,077	9.8	6,940	18.3
Middle	13	48.1	19,044	50.3	1,075	5.6	7,751	20.5
Upper	5	18.6	7,903	20.8	235	3.0	14,372	37.9
NA	0	0.0	0	0.0	0	0.0		
Total	27	100.0	37,891	100.0	2,387	6.3	37,891	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	12,457	22.9
Moderate	10,123	26.1	16,565	30.4	1,993	12.0	9,635	17.7
Middle	19,931	51.4	27,063	49.7	2,268	8.4	9,374	17.2
Upper	8,734	22.5	10,799	19.9	591	5.5	22,961	42.2
NA	0	0.0	0	0.0	0	0.0		
Total	38,788	100.0	54,427	100.0	4,852	8.9	54,427	100.0
	Total Businesses by Tract		Businesses by Tract and 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	2,412	32.3	2,222	32.2	167	33.7	23	33.8
Middle	3,709	49.7	3,425	49.7	256	51.7	28	41.2
Upper	1,336	18.0	1,247	18.1	72	14.6	17	25.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	7,457	100.0	6,894	100.0	495	100.0	68	100.0
	Percentage of Total Businesses:			92.5		6.6		0.9

*NA-Tracts without household or family income as applicable

Area employment opportunities exist with the federal and local government, health services, education, and retail trade. Major area employers include Navy Federal Credit Union, U.S. Department of Homeland Defense, Shenandoah University, Valley Health System, and the Warren County School Board. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	June 2018	June 2019	June 2020	June 2021
Frederick County, VA	2.8%	2.4%	6.7%	3.4%
Warren County, VA	3.2%	2.7%	8.2%	4%
Winchester City, VA	3.1%	2.8%	8.4%	3.9%
Commonwealth of Virginia	3.1%	2.8%	8.9%	4.5%
Winchester, VA-WV MSA	3.1%	2.8%	7%	3.5%
Washington-Arlington-Alexandria, DC-VA-MD-WV MD	3.6%	3.2%	8.8%	5.4%

As indicated by the data in the table above, unemployment rates within the assessment area declined prior to 2020, rose sharply during 2020 because of the pandemic, and declined during 2021. Overall, unemployment rates within the assessment area are currently lower than the statewide and MD unemployment rate.

A local economic development official was contacted during the evaluation to discuss area economic conditions and community credit needs. The individual contacted stated that the local economy is stable and that business lending opportunities exist within the local market area. They also indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

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

The bank’s distribution of lending reflects a reasonable penetration among individuals of different income levels (including low- and moderate- income) and business with revenues of \$1 million or less per year.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	3	4.4	344	1.8	1,008	12.2	171,229	8.1
Moderate	11	16.2	1,828	9.5	2,017	24.5	434,304	20.7
Middle	17	25.0	3,526	18.3	2,172	26.4	562,070	26.7
Upper	37	54.4	13,604	70.4	3,044	36.9	933,777	44.5
Total	68	100.0	19,302	100.0	8,241	100.0	2,101,380	100.0
<i>Unknown</i>	24		4,373		2,811		798,987	

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

During 2020, the bank’s level of lending to low-income borrowers (4.4%) lagged both the percentage of area low-income families (23.3%) and the aggregate level of lending (12.2%). FB’s lending to moderate-income borrowers (16.2%) also lagged the percentage of area moderate-income families (18.3%) and the aggregate level of lending (24.5%). The bank’s performance in lending to low-income borrowers is poor, while its performance in lending to moderate-income borrowers is reasonable. Overall, the bank’s performance during 2020 is considered poor, and its performance during 2019 is similar. While the bank’s performance is considered poor overall during 2020 and 2019, components of its performance are considered reasonable, which indicates that the bank’s performance is closer to being reasonable than very poor.

During 2018, FB extended 43 HMDA loans totaling \$8 million, where borrower incomes were known. Of these loans, three were to low-income borrowers (7%) totaling \$226,000 (2.8%), which lagged the percentage of area low-income families (23.4%) and the aggregate level of lending (13.7%). FB also extended 11 loans to moderate-income borrowers (25.6%) totaling \$1.5 million (19.1%), which exceeded both the percentage of area moderate-income families (18.3%) and the aggregate level of lending (22.6%). The bank’s performance during 2018 is considered reasonable.

When considering the relative volume and strength of lending performance during 2018, 2019, and 2020, FB’s overall HMDA borrower distribution performance is considered reasonable. The strength of the bank’s performance during 2018 offset the bank’s weaker performance during 2019 and 2020.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, VA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	60	57.7	6,630	44.9	1,467	45.2	39,410	33.5
Over \$1 Million	42	40.4	8,032	54.5	NA	NA	NA	NA
Unknown	2	1.9	88	0.6	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	66	63.5	3,041	20.6	3,049	93.8	47,736	40.5
\$100,001-\$250,000	20	19.2	3,656	24.8	102	3.1	18,260	15.5
\$250,001-\$1 Million	18	17.3	8,053	54.6	98	3.1	51,804	44.0
Total	104	100.0	14,750	100.0	3,249	100.0	117,800	100.0

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

D&B data from 2019 indicates that 92.5% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 45.2% of reported small business loans were to business having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loan originated by traditional bank lenders, 58.2% were made to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 57.7% were to businesses with annual revenues of \$1 million or less. The bank’s performance during 2019 is considered reasonable, and its performance during 2018 is similar.

Geographic Distribution of Loans

As indicated in the demographic table, there are no low-income census tracts in this assessment area. The bank’s geographic distribution performance for both HMDA and small business loans is considered reasonable.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(33)				Home Purchase (4,327)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	9	27.3	1,558	22.8	1,076	24.9	255,205	21.5
Middle	17	51.5	3,738	54.6	2,386	55.1	671,352	56.5
Upper	7	21.2	1,552	22.6	865	20.0	261,795	22.0
	(50)				Refinance (6,467)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	11	22.0	1,937	14.0	1,391	21.5	320,165	19.3
Middle	26	52.0	7,053	51.1	3,521	54.4	911,682	54.9
Upper	13	26.0	4,801	34.9	1,555	24.1	429,693	25.8
	(3)				Home Improvement (242)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	33.3	25	13.5	42	17.4	2,881	13.8
Middle	1	33.3	30	16.2	136	56.2	11,707	56.1
Upper	1	33.4	130	70.3	64	26.4	6,270	30.1
	(6)				Multi-Family (16)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	83.3	1,416	49.7	13	81.3	26,920	90.9
Middle	1	16.7	1,435	50.3	2	12.5	2,032	6.9
Upper	0	0.0	0	0.0	1	6.2	665	2.2
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	26	28.3	4,936	20.8	2,522	22.8	605,171	20.9
Middle	45	48.9	12,256	51.8	6,045	54.7	1,596,773	55.1
Upper	21	22.8	6,483	27.4	2,485	22.5	698,423	24.0
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	92	100.0	23,675	100.0	11,052	100.0	2,900,367	100.0

NA*-Tracts without household or family income as applicable

Home purchase and refinance loans were extended most frequently by the bank and aggregate lenders in 2020. When considering the bank’s performance by loan product type, its home purchase and refinance lending approximated the aggregate lending level and is considered reasonable. While FB extended fewer home improvement and multi-family loans than home purchase and refinance loans, the percentage of its home improvement and multi-family lending substantially exceeded the corresponding aggregate percentages of such lending. Accordingly, the bank’s home improvement and multi-family lending performance is excellent.

During 2020, FB’s level of lending in moderate-income census tracts (28.3%) exceeded both the percentage of owner-occupied housing unit in moderate-income tracts (26.1%) and the aggregate level of lending (22.8%). The bank’s performance during 2020 is considered excellent.

During 2019, FB extended 72 home purchase, refinance, improvement, and multi-family loans totaling \$16.6 million. Of these loans, 18 (25%) totaling \$3.2 million (19.2%) were extended in moderate-income census tracts. The bank’s level of lending in moderate-income census tracts approximated the percentage of owner-occupied housing units (26.1%) and aggregate lending (23.1%) in such areas. Overall, the bank’s performance during 2019 is considered reasonable, and its performance during 2018 is similar.

The bank’s HMDA lending performance during 2018, 2019, and 2020 is considered reasonable overall based upon the relative performance for each year.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	29	27.9	4,651	31.5	971	30.2	33,362	28.5
Middle	47	45.2	5,620	38.1	1,597	49.8	56,617	48.4
Upper	28	26.9	4,479	30.4	642	20.0	27,029	23.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	104	100.0	14,750	100.0	3,210	100.0	117,008	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 lending in moderate-income census tracts (27.9%) approximated the percentage of businesses located in moderate-income census tracts (32.3%) and the aggregate level of lending (30.2%). The bank’s performance during 2019 is considered reasonable, and its performance during 2018 is similar.

Community Development Loans, Investments, and Services

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

Specific to this assessment area, FB supported local community development by originating ten community development loans totaling \$15.9 million. Of these loans, one totaling \$150,000 supported affordable housing, and nine loans totaling \$15.8 million were extended as part of the bank’s PPP lending program and aided in the retention of jobs that primarily benefited low- and moderate-income people and/or aided in the stabilization of moderate-income census tracts. FB also made charitable donations totaling \$54,617 to area organizations that provide community development services within the assessment area during the evaluation period.

Of the bank’s four branches within the assessment area, two (50%) are located in moderate-income census tracts. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. FB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

Since its previous evaluation, FB 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.

- NW Works – A bank employee serves as a board member for the organization which supports job training targeting low- and moderate-income people.
- Habitat for Humanity of Winchester-Frederick-Clarke, Inc. – A bank officer serves as a board member for the organization which provides affordable housing.
- Financial Education – Several bank employees participated in financial literacy programs for low- and moderate-income individuals and families.
- The Annual Shenandoah University Business Symposium – Several bank employees participated in the Symposium that focused on the development of area small businesses and a bank officer serves as a member of the advisory council.
- Community Foundation of Northern Shenandoah Valley – A bank officer serves as a member of the board of directors of this organization that provides financial support to area organizations that provide community development services.
- Fremont Street Nursery – A bank officer serves as a board member for a nursery which provides affordable childcare to low- and moderate- income people.
- Shenandoah Valley Westminster Canterbury Foundation – A bank officer serves as a trustee for the foundation which provides financial assistance targeted to low- and moderate-income residents.
- Cheers to Charity – A bank employee serves as a member of the board of this non-profit organization that provides financial support to area organizations that provide community development services targeted to low- and moderate-income people within the assessment area.

As previously mentioned, the bank also participated in several qualified community development activities that benefit the statewide or broader regional area that include this assessment area. Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its investment and lending activities and support of area organizations that facilitate community development.

METROPOLITAN AREAS
*(For metropolitan areas with some or all assessment areas
reviewed using full-scope review)*

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN HARRISONBURG-STAUNTON, VA
ASSESSMENT AREA**

The bank’s assessment area includes all of the Harrisonburg, VA MSA (i.e., Harrisonburg City and Rockingham County, Virginia) and all of the Staunton-Waynesboro, VA MSA (i.e., Augusta County and cities of Staunton and Waynesboro, Virginia). Together these two adjacent MSAs comprise the Harrisonburg-Staunton-Waynesboro, Combined Statistical Area (CSA). The bank operates three branches and one loan production office in the assessment area.

Recent data (June 30, 2020) from the FDIC indicates that FB ranks 9th out of 19 institutions in local deposit market share, holding 2.8% of area deposits (credit union deposits are not reflected in the deposit market share). According to 2020 aggregate loan data, the institution ranked 47th out of 315 lenders in reported HMDA volume with a .3% market share.

According to 2015 ACS data, the assessment area has a population of 248,569 and a median housing value of \$190,053. Within the assessment area, the owner-occupancy rate equals 58.6%, which is below the owner-occupancy rate for the Commonwealth of Virginia (59.2%) and the Staunton, VA MSA (62.7%), but above the Harrisonburg, VA MSA (54.4%). The percentage of families living below the poverty level in the assessment area (9.2%) is higher than the Commonwealth of Virginia (8.2%) and the Staunton, VA MSA (8.9%), but lower than the Harrisonburg, VA MSA (9.6%).

Area median family incomes during 2018, 2019, and 2020 are detailed in the following table.

Median Family Income	2018	2019	2020
Harrisonburg, VA MSA	\$62,500	\$70,700	\$71,900
Staunton, VA MSA	\$64,300	\$69,200	\$71,400

The following table includes pertinent demographic data about the assessment area.

Assessment Area Demographics

Harrisonburg-Staunton, VA								
<i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	2	3.7	465	0.8	236	50.8	11,864	19.2
Moderate	7	13.0	7,254	11.7	1,302	17.9	11,668	18.9
Middle	39	72.2	48,117	77.8	3,909	8.1	14,019	22.7
Upper	6	11.1	5,977	9.7	262	4.4	24,262	39.2
NA	0	0.0	0	0.0	0	0.0		
Total	54	100.0	61,813	100.0	5,709	9.2	61,813	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	197	0.3	1,950	2.1	1,308	67.1	21,432	22.9
Moderate	5,908	9.6	12,180	13.0	2,981	24.5	15,952	17.0
Middle	49,633	80.3	71,138	76.0	8,462	11.9	17,723	18.9
Upper	6,093	9.8	8,334	8.9	648	7.8	38,495	41.2
NA	0	0.0	0	0.0	0	0.0		
Total	61,831	100.0	93,602	100.0	13,399	14.3	93,602	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	292	2.9	258	2.8	32	4.2	2	2.3
Moderate	1,277	12.8	1,162	12.8	97	12.8	18	20.9
Middle	7,278	73.2	6,683	73.4	532	70.2	63	73.3
Upper	1,096	11.1	996	11.0	97	12.8	3	3.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	9,943	100.0	9,099	100.0	758	100.0	86	100.0
	Percentage of Total Businesses:			91.5		7.6		0.9

*NA-Tracts without household or family income as applicable

Area employment opportunities exist with the manufacturing, health services, local government, leisure and hospitality, and retail trade. Major area employers include Rockingham County, Augusta County, Waynesboro, and Staunton City School Boards, Sentara Healthcare, Wal-Mart, Cargill, James Madison University, Harrisonburg City Public Schools, Augusta Medical Center, Hershey Chocolate of Virginia, McKee Foods Corp., and Western State Hospital. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	June 2018	June 2019	June 2020	June 2021
Augusta County, VA	2.9%	2.5%	6.5%	3.5%
Rockingham County, VA	3%	2.5%	7.2%	3.6%
City of Harrisonburg, VA	4.2%	3.6%	10%	5%
City of Waynesboro, VA	3.4%	2.8%	9.7%	4.5%
City of Staunton, VA	3.1%	2.7%	9.5%	4.2%
Commonwealth of Virginia	3.1%	2.8%	8.9%	4.5%
Harrisonburg, VA MSA	3.4%	2.9%	8.2%	4.1%
Staunton-Waynesboro, VA MSA	3%	2.6%	7.7%	3.8%
Harrisonburg-Staunton-Waynesboro, VA CSA	3.2%	2.8%	8%	4%

As indicated by the data in the table above, unemployment rates within the assessment area declined prior to 2020, rose sharply during 2020 because of the pandemic, and declined during 2021. Current unemployment rates have declined since June 2020 and indicate some level of economic recovery. Nonetheless, the City of Harrisonburg’s unemployment rate is high in relation to other communities within the assessment area and in relation to the overall statewide rate and rates within the MSAs and CSA.

A local economic development official was recently contacted to discuss area economic conditions and community credit needs. The individual stated that the local economy is stable and that business lending opportunities exist within the local market area; however, it is a challenge to attract and retain small businesses. The contact also indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

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

Within this assessment area, the bank’s borrower distribution performance is considered poor for HMDA lending and excellent for small business lending. Overall, FB’s borrower distribution performance is considered reasonable, which reflects the relative performance level and dollar volume of each product.

Distribution of HMDA Loans by Income Level of Borrower

Harrisonburg-Staunton, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	5.9	45	1.3	660	7.7	78,856	4.5
Moderate	3	17.6	396	11.5	2,250	26.3	359,926	20.7
Middle	1	5.9	100	2.9	2,307	27.0	451,517	26.0
Upper	12	70.6	2,888	84.3	3,332	39.0	844,547	48.8
Total	17	100.0	3,429	100.0	8,549	100.0	1,734,846	100.0
Unknown	13		4,573		2,041		561,108	

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

During 2020, the bank’s residential mortgage lending to low-income borrowers (5.9%) lagged the percentage of low-income families in the area (19.2%) but approximated the aggregate level of lending (7.7%) to such borrowers. The bank’s lending to moderate-income borrowers (17.6%) approximated the percentage of moderate-income families in the area (18.9%) but lagged the aggregate level of lending (26.3%). The bank’s performance during 2020 is considered reasonable.

During 2019, FB extended ten HMDA loans totaling \$2.2 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, none were extended to low- or moderate-income borrowers within the assessment area; however, 19.2% of area families are low-income families and 18.9% of area families are moderate income. Aggregate data also indicates that there is loan demand from such borrowers given that 10.2% and 27.3% of loans reported by the aggregate lenders were to low- and moderate-income borrowers, respectively. FB’s performance during 2019 is considered very poor.

During 2018, FB extended ten HMDA loans totaling \$1.1 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, none (0%) were extended to low-income borrowers, and one loan (10%) totaling \$109,000 (9.9%) was extended to a moderate-income borrower. The bank’s lending lagged the percentage of low-income families (19.2%) and the aggregate lending (8.4%) to low-income borrowers and also lagged the percentage of moderate-income families (18.9%) and aggregate lending (24.8%) to moderate-income borrowers. FB’s performance during 2018 is considered poor.

Overall, the bank’s combined HMDA borrower distribution performance for 2018, 2019, and 2020 is considered poor based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Harrisonburg-Staunton, VA (2019)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	55	78.6	5,466	65.5	1,918	50.1	65,947	39.9
Over \$1 Million	14	20.0	2,588	31.0	NA	NA	NA	NA
<i>Unknown</i>	<i>1</i>	<i>1.4</i>	<i>295</i>	<i>3.5</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
<i>by Loan Size</i>								
\$100,000 or less	48	68.6	2,632	31.5	3,514	91.8	50,214	30.4
\$100,001-\$250,000	15	21.4	2,695	32.3	152	4.0	27,045	16.4
\$250,001-\$1 Million	7	10.0	3,022	36.2	161	4.2	88,125	53.2
Total	70	100.0	8,349	100.0	3,827	100.0	165,384	100.0

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

D&B data from 2019 indicates that 91.5% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 50.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or revenue was not known. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders. Of the remaining small business loans originated by traditional bank lenders, 60.3% were made to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 78.6% were to businesses with annual revenues of \$1 million or less. The bank’s performance during 2019 is considered excellent, and its performance during 2018 is similar.

Geographic Distribution of Loans

Within this assessment area, the bank’s geographic distribution performance is considered reasonable for HMDA lending and poor for small business lending. Overall, FB’s geographic distribution performance is considered reasonable, which reflects the relative performance level and dollar volume of each product.

Distribution of HMDA Loans by Income Level of Census Tract

Harrisonburg-Staunton, VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(11) Home Purchase				(4,312)			
Low	0	0.0	0	0.0	31	0.7	4,817	0.5
Moderate	2	18.2	289	12.2	521	12.1	102,198	10.8
Middle	9	81.8	2,085	87.8	3,197	74.1	685,805	72.4
Upper	0	0.0	0	0.0	563	13.1	154,920	16.3
	(13) Refinance				(5,882)			
Low	0	0.0	0	0.0	31	0.5	6,762	0.6
Moderate	0	0.0	0	0.0	533	9.1	99,363	8.2
Middle	13	100.0	2,022	100.0	4,437	75.4	891,015	73.6
Upper	0	0.0	0	0.0	881	15.0	213,652	17.6
	(1) Home Improvement				(351)			
Low	0	0.0	0	0.0	3	0.9	399	1.6
Moderate	1	100.0	62	100.0	31	8.8	2,097	8.4
Middle	0	0.0	0	0.0	257	73.2	17,476	70.2
Upper	0	0.0	0	0.0	60	17.1	4,934	19.8
	(5) Multi-Family				(44)			
Low	0	0.0	0	0.0	4	9.1	1,337	1.2
Moderate	1	20.0	270	7.6	5	11.4	11,854	10.6
Middle	4	80.0	3,274	92.4	34	77.3	98,885	88.0
Upper	0	0.0	0	0.0	1	2.2	200	0.2
	HMDA Totals							
Low	0	0.0	0	0.0	69	0.7	13,315	0.6
Moderate	4	13.3	621	7.8	1,090	10.3	215,512	9.4
Middle	26	86.7	7,381	92.2	7,925	74.8	1,693,181	73.8
Upper	0	0.0	0	0.0	1,505	14.2	373,706	16.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	30	100.0	8,002	100.0	10,589	100.0	2,295,714	100.0

NA*-Tracts without household or family income as applicable

Home purchase and refinance loans were extended most frequently by the bank and aggregate lenders in 2020. When considering the bank’s performance by loan product type, its home purchase, home improvement, and multi-family lending performance is considered excellent. Conversely, FB’s refinance lending performance is very poor.

During 2020, FB did not originate any HMDA loans in low-income census tracts: however, demographic (.3%) and aggregate (.7%) data indicate that there is limited demand for residential mortgage loans in low-income census tracts. The bank’s level of lending in moderate-income census tracts (13.3%) exceeded the percentage of owner-occupied housing units located in moderate-income tracts (9.6%) and the aggregate lending level (10.3%). The bank’s performance during 2020 is considered reasonable, and its performance during 2018 and 2019 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Harrisonburg-Staunton, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	1	1.4	312	3.7	89	2.4	1,763	1.1
Moderate	5	7.1	875	10.5	502	13.4	21,087	12.9
Middle	60	85.7	6,177	74.0	2,676	71.6	123,658	75.4
Upper	4	5.8	985	11.8	469	12.6	17,388	10.6
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	70	100.0	8,349	100.0	3,736	100.0	163,896	100.0

*NA-Tracts without household or family income as applicable

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

During 2019, the bank’s small business lending in low-income census tracts (1.4%) lagged the percentage of businesses located in low-income census tracts (2.9%) and the aggregate level of lending (2.4%). Similarly, FB’s lending in moderate-income census tracts (7.1%) also lagged the percentage of businesses in such areas (12.8%) and the aggregate level of lending (13.4%). FB’s 2019 small business geographic distribution performance is considered poor, and its performance during 2018 is similar.

Community Development Loans, Investments, and Services

Review of the performance evaluations of other similar financial institutions that operate in the assessment area along with discussions with an individual knowledgeable of the local community, indicate that local community development opportunities are reasonably available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services within the assessment area.

FB supported local community development specific to this area by originating four loans totaling \$825,000 to organizations that provide affordable housing within the assessment area as well as one PPP loan totaling \$5.5 million that aided in job preservation primarily benefiting low- and moderate-income people. During the evaluation period, FB also made charitable donations totaling \$12,956 to 11 area organizations that provide community development services within the assessment area.

Of the bank’s three branches within the assessment area, one (33.3%) branch is located in a low-income census tract. Systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. FB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

Since its previous evaluation, FB 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.

- Vector Industries – A bank employee serves as a board member for the organization which hires and trains low- and moderate-income people with disabilities.
- Valley Supportive Housing – A bank officer serves as a board member for the organization which provides affordable housing.
- Elkton Area United Services – A bank officer serves on this organization’s board of directors, which provides social services targeted to area low- and moderate-income people.

As previously mentioned, the bank also participated in several qualified community development activities that benefit the statewide or broader regional area that include this assessment area. Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its investment and lending activities and support of area organizations that facilitate community development.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN METROPOLITAN AREAS

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDICES A and C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. For each test, the conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test	Community Development Test
Richmond, VA	Consistent	Consistent

NONMETROPOLITAN AREA

(If some or all of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SHENANDOAH, VA NONMSA ASSESSMENT AREA

FB’s Shenandoah, VA NonMSA assessment area is located in northwestern Virginia and includes all of Shenandoah County. FB operates three full-service branches within the assessment area.

As of June 30, 2020, FB ranked 1st out of seven financial institutions in local deposit market share according to data compiled by the FDIC and held 34.3% of the assessment area deposits (credit union deposits are not included). Additionally, according to 2020 aggregate data, the bank ranked 11th out of 215 lenders in reported mortgage lending with a 2% market share.

Based on 2020 American Community Survey (ACS) data, the assessment area served by the bank has a total population of 42,724 and a median housing value of \$198,869. Within the assessment area, the owner-occupancy rate is 59.1%, which is similar to the owner-occupancy rate for the Commonwealth of Virginia (59.2%) and slightly above the nonmetropolitan areas of Virginia (57.8%). The percentage of families living below the poverty level in the assessment area (7.6%) is lower than both the rate in the Commonwealth of Virginia (8.2%) and the nonmetropolitan areas of Virginia (13.3%).

The statewide nonmetropolitan median family income for 2018, 2019, and 2020 is included in the following table.

Median Family Income	2018	2019	2020
Statewide Nonmetropolitan Virginia Area	\$55,900	\$56,100	\$58,100

The following table provides pertinent demographic data for the assessment area.

Assessment Area Demographics

Shenandoah, VA NonMSA <i>(Based on 2015 ACS Data and 2019 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	1,719	14.6
Moderate	0	0.0	0	0.0	0	0.0	2,060	17.5
Middle	5	55.6	6,347	54.0	587	9.2	2,362	20.1
Upper	4	44.4	5,411	46.0	307	5.7	5,617	47.8
NA	0	0.0	0	0.0	0	0.0		
Total	9	100.0	11,758	100.0	894	7.6	11,758	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	2,896	16.9
Moderate	0	0.0	0	0.0	0	0.0	2,745	16.1
Middle	6,670	53.7	8,942	52.3	1,038	11.6	2,806	16.4
Upper	5,747	46.3	8,154	47.7	883	10.8	8,649	50.6
NA	0	0.0	0	0.0	0	0.0		
Total	12,417	100.0	17,096	100.0	1,921	11.2	17,096	100.0
	Total Businesses by Tract		Businesses by Tract and 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	0	0.0	0	0.0	0	0.0	0	0.0
Middle	1,098	53.8	1,031	53.9	53	53.0	14	53.8
Upper	942	46.2	883	46.1	47	47.0	12	46.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	2,040	100.0	1,914	100.0	100	100.0	26	100.0
	Percentage of Total Businesses:			93.8		4.9		1.3

*NA-Tracts without household or family income as applicable

The local economy is based on manufacturing, health services, and retail trade. Major employers include Shenandoah County School Board, George’s Chicken, and Shentel Management Company. The following table reflects unemployment rates since the previous evaluation.

Geographic Area	June 2018	June 2019	June 2020	June 2021
Shenandoah County, VA	2.9%	2.5%	7.5%	4%
Commonwealth of Virginia	3.1%	2.8%	8.9%	4.5%

As indicated by the data in the table above, the unemployment rate within the assessment area declined prior to 2020, rose sharply during 2020 because of the pandemic, and declined during 2021. Overall, the level of unemployment within the assessment area is currently lower than the statewide level of unemployment.

An official from an economic development organization was contacted during the evaluation to discuss local economic conditions and community credit needs. The individual contacted described the local economy as relatively stable and improving following the effects of the pandemic. The contact indicated that the area financial institutions are reasonably servicing the banking needs of the community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

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

The bank’s borrower distribution performance is considered reasonable for both HMDA and small business lending within the assessment area.

Distribution of HMDA Loans by Income Level of Borrower

Shenandoah, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	2	5.4	138	1.6	50	2.8	5,189	1.4
Moderate	3	8.1	312	3.5	290	16.0	42,881	11.6
Middle	3	8.1	501	5.7	425	23.5	77,560	21.0
Upper	29	78.4	7,898	89.2	1,044	57.7	243,204	66.0
Total	37	100.0	8,849	100.0	1,809	100.0	368,834	100.0
Unknown	12		1,682		562		126,519	

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

During 2020, the bank’s HMDA lending to low-income borrowers (5.4%) lagged the percentage of area low-income families (14.6%) but exceeded the aggregate lending level (2.8%). FB’s lending to moderate-income borrowers (8.1%) lagged the percentage of moderate-income families in the area (17.5%) and the aggregate level of lending (16%). FB’s 2020 performance is considered reasonable in large part because of the strength of its performance when lending to low-income borrowers. FB’s performance during 2019 and 2018 is similar to its performance during 2020.

Distribution of Lending by Loan Amount and Size of Business

Shenandoah, VA NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	26	66.7	2,433	47.3	336	50.1	8,989	52.5
Over \$1 Million	13	33.3	2,711	52.7	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	20	51.3	963	18.7	645	96.1	7,314	42.7
\$100,001-\$250,000	13	33.3	2,265	44.0	12	1.8	2,259	13.2
\$250,001-\$1 Million	6	15.4	1,916	37.3	14	2.1	7,560	44.1
Total	39	100.0	5,144	100.0	671	100.0	17,133	100.0

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

D&B data from 2019 indicates that 93.8% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 50.1% of reported small business loans were to businesses having revenues of \$1 million or less. The remaining portion of loans were to businesses that either had revenues exceeding \$1 million or had unknown revenues. As part of the performance context, the aggregate data was also considered after excluding certain specialty lenders.

Of the remaining small business loans originated by traditional bank lenders, 65.7% were made to businesses having revenues of \$1 million or less. Of the small business loans considered in the evaluation, 66.7% were to businesses with annual revenues of \$1 million or less. FB’s small business lending performance is considered reasonable, and the bank’s performance during 2018 is substantially similar.

Geographic Distribution of Loans

While there are no low- or moderate-income census tracts within this assessment area, there are five middle-income and four upper-income census tracts within the assessment area. Therefore, the distribution of FB’s HMDA loans in middle- and upper-income geographies was analyzed. Overall, the bank’s geographic distribution performance is considered reasonable for both HMDA and small business lending within the assessment area.

Distribution of HMDA Loans by Income Level of Census Tract

Shenandoah, VA NonMSA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(18) Home Purchase				(1,081)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	10	55.6	2,326	56.1	541	50.0	115,788	49.4
Upper	8	44.4	1,823	43.9	540	50.0	118,770	50.6
	(30) Refinance				(1,210)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	17	56.7	3,988	64.3	630	52.1	130,505	51.3
Upper	13	43.3	2,215	35.7	580	47.9	123,727	48.7
	(0) Home Improvement				(79)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	42	53.2	2,610	40.9
Upper	0	0.0	0	0.0	37	46.8	3,774	59.1
	(1) Multi-Family				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	0	0.0	0	0.0	0	0.0
Upper	1	100.0	179	100.0	1	100.0	179	100.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	27	55.1	6,314	60.0	1,213	51.2	248,903	50.2
Upper	22	44.9	4,217	40.0	1,158	48.8	246,450	49.8
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	49	100.0	10,531	100.0	2,371	100.0	495,353	100.0

NA*-Tracts without household or family income as applicable

Home purchase and refinance loans were extended most frequently by FB and the aggregate lenders. When considering the bank’s performance by loan product type, its home purchase and refinance lending in middle-income census tracts is considered reasonable. Given the limited volume of home improvement and multi-family loans in the assessment area reported by the bank and aggregate lenders, the bank’s lack of lending in middle-income census tracts for these loan types is not considered detrimental to bank’s overall level of performance.

Overall, the bank’s level of lending in middle-income census tracts (55.1%) approximated percentage of owner-occupied housing units (53.7%) and the aggregate lending level (51.2%) in such areas. The bank’s performance during 2020 is considered reasonable, and its performance during 2018 and 2019 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Shenandoah, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	25	64.1	3,141	61.1	344	53.0	9,401	55.8
Upper	14	35.9	2,003	38.9	305	47.0	7,458	44.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	39	100.0	5,144	100.0	649	100.0	16,859	100.0

*NA-Tracts without household or family income as applicable

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

During 2019, 64.1% of FB’s small business loans were originated within the assessment area’s middle-income census tracts. While the bank’s level of lending exceeded the percentage of area businesses (53.8%) and the aggregate level of lending (53%) in middle-income census tracts, the bank’s performance during 2019 is considered reasonable. The bank’s performance during 2018 is substantially similar to its performance during 2019.

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 local community development opportunities are available, but limited within the assessment area. The bank faces no constraints, however, in providing community development loans, investments, and services within the assessment area.

Specific to this assessment area, since the previous evaluation, the bank made charitable donations totaling \$7,477 to area organizations that provide community development services.

While there are no low- or moderate-income census tracts within this assessment area, systems for delivering retail-banking services appear effective and are accessible to all portions of the assessment area. FB also offers free and low-cost checking accounts, which can benefit low- and moderate-income customers.

FB 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.

- Shenandoah Community Foundation – Several bank representatives serve on the organization’s board of directors. The Foundation supports area entities providing community services targeted to low- and moderate-income people.
- Shenandoah County Industrial Development Authority – A bank officer is a member of the board and provides financial counseling to area small businesses.
- Mt. Jackson Economic Development Authority – A bank officer is a board member and focuses on small business development.
- Shenandoah County Public Schools- The bank provided free wireless internet to students during the pandemic. There are nine public schools within the county, and a majority of the students come from low- and moderate-income families in three of the nine schools that received free wireless internet services.

As previously mentioned, the bank also participated in several qualified community development activities that benefit the statewide or broader regional area that include this assessment area. Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its investment activities and support of area organizations that facilitate community development.

NONMETROPOLITAN STATEWIDE AREA

(If none of the assessment areas within the nonmetropolitan statewide area were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE AREA

An assessment area, which is noted in the table below, was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDICES A and C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATEWIDE NONMETROPOLITAN ASSESSMENT AREA

Facts and data reviewed for each assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding performance, which did not impact the institution’s overall rating, is included in the following table. The conclusion conveys whether performance in an assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test	Community Development Test
Prince Edward, VA NonMSA	Below	Consistent

**CRA APPENDIX A
LIMITED REVIEW TABLES**

Prince Edward, VA NonMSA

This assessment area includes all of Prince Edward and Buckingham counties, VA, during 2019 and 2020. During 2018, the assessment area only included Prince Edward County. Buckingham County was not part of this assessment area during 2018 because it was part of the Charlottesville, VA MSA and could not be included in the delineation of a nonMSA assessment area. As of 2019, this assessment area consists of eight middle-income census tracts and one census tract that does not have an income designation. All eight of the middle-income census tracts are distressed because of high poverty rates. The bank operates two branches within this assessment area.

Performance Test Data for Prince Edward, VA NonMSA Assessment Area

Limited Review Lending Table

Prince Edward, VA NonMSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(0)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	100.0	99.9	0	0.0	100.0	99.9
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(0)				(1)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	0	0.0	100.0	99.9	1	100.0	100.0	99.9
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	HMDA Totals				Consumer			
<i>Geographic</i>	(1)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	100.0	100.0	99.9	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)			
Low	0	0.0	7.9	22.5	NA	NA	NA	NA
Moderate	0	0.0	18.8	16.1	NA	NA	NA	NA
Middle	0	0.0	30.3	21.0	NA	NA	NA	NA
Upper	0	0.0	43.0	40.5	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(1)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	NA	NA	NA	NA	NA	NA	NA	NA
Middle	1	100.0	100.0	99.0	0	0.0	100.0	100.0
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	1	100.0	38.1	91.1	0	0.0	22.6	95.8

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

The bank's borrower distribution performance for HMDA lending during 2018 – 2020 is very poor, while its small business borrower distribution performance during 2018 – 2019 is poor. Because the assessment area includes only middle-income and one census tract that does not have an income designation, the bank's geographic distribution performance is not meaningful. FB originated only three HMDA and small business loans within this assessment area during the evaluation period.

Community Development Loans, Investments, and Services

Specific to this assessment area, the bank extended one community development loan to a local business totaling approximately \$1.2 million. In addition, the bank made charitable donations totaling \$3,881 to area organizations that provide community development services.

Richmond, VA Assessment Area

The bank’s assessment area includes the City of Richmond, VA, and Chesterfield and Henrico counties, VA, and consists of 28 low-income, 48 moderate-, 62 middle-, 61 upper-income census tracts. The assessment also includes two census tracts that do not have income-level designations. The bank operates one branch in the assessment area.

Performance Test Data for Richmond, VA Assessment Area

Limited Review Lending Table

Richmond, VA (2019)									
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic	
	#	%	%	%	#	%	%	%	
	Home Purchase				Home Improvement				
<i>Geographic</i>	(2)				(0)				
Low	0	0.0	5.9	5.2	0	0.0	4.3	5.2	
Moderate	1	50.0	16.7	17.8	0	0.0	12.7	17.8	
Middle	0	0.0	33.7	35.8	0	0.0	29.6	35.8	
Upper	1	50.0	43.6	41.1	0	0.0	53.4	41.1	
	Refinance				Multi-Family				
<i>Geographic</i>	(3)				(2)				
Low	0	0.0	3.7	5.2	0	0.0	13.8	5.2	
Moderate	1	33.3	14.7	17.8	1	50.0	41.5	17.8	
Middle	2	66.7	33.8	35.8	1	50.0	21.1	35.8	
Upper	0	0.0	47.8	41.1	0	0.0	23.6	41.1	
	HMDA Totals				Consumer				
<i>Geographic</i>	(7)				(NA)				
Low	0	0.0	5.0	5.2	NA	NA	NA	NA	
Moderate	3	42.9	15.8	17.8	NA	NA	NA	NA	
Middle	3	42.9	33.6	35.8	NA	NA	NA	NA	
Upper	1	14.3	45.6	41.1	NA	NA	NA	NA	
<i>Borrower</i>	(1)				(NA)				
Low	0	0.0	8.4	21.1	NA	NA	NA	NA	
Moderate	0	0.0	24.8	17.6	NA	NA	NA	NA	
Middle	0	0.0	24.6	19.7	NA	NA	NA	NA	
Upper	1	100.0	42.2	41.6	NA	NA	NA	NA	
	Small Business				Small Farm				
<i>Geographic</i>	(24)				(0)				
Low	1	4.2	6.4	6.7	0	0.0	6.3	3.1	
Moderate	2	8.3	22.3	22.4	0	0.0	21.9	9.2	
Middle	6	25.0	29.8	31.1	0	0.0	37.5	36.3	
Upper	15	62.5	41.5	39.5	0	0.0	34.4	51.5	
<i>Revenue</i>									
Busn/ Farms with revenues <=\$1 M	18	75.0	49.4	91.7	0	0.0	57.8	98.1	

Geographic () represents the total number of bank loans for the specific Loan Purpose where geography is known

Borrower () represents the total number of bank loans for the specific Loan Purpose where income is known

NA represents no activity in the income category

The bank’s borrower distribution performance for HMDA lending during 2018 – 2020 is very poor, while its small business borrower distribution performance during 2018 – 2019 is excellent.

The bank’s geographic distribution performance for HMDA lending during 2018 – 2020 is excellent, while its small business borrower distribution performance during 2018 – 2019 is reasonable.

Community Development Loans, Investments, and Services

In this assessment area, the bank extended two community development loans totaling \$2.5 million to local businesses that aided in job preservation and made charitable donations totaling \$1,700 to area organizations that provide community development services.

CRA APPENDIX B

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of branch offices as well as loan and deposit volume in each assessment area. Branch information is current as of the evaluation date, and loan volume includes all HMDA and small business loans considered in the evaluation. Deposit volume includes all bank deposits and is current as of June 30, 2020.

Assessment Area	Loan Volume				Branches		Deposit Volume as of (6/30/2020)	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Shenandoah, VA NonMSA	225	22.8%	\$36,468	19.3%	3	15.8%	\$287,441	33.7%
Washington-Arlington-Alexandria	468	47.5%	\$88,979	47%	4	21.1%	\$356,939	41.8%
Harrisonburg-Staunton	213	21.6%	\$35,978	19%	3	15.8%	\$129,054	15.1%
Prince Edward, VA NonMSA	3	.3%	\$1,909	1%	2	10.5%	\$45,769	5.4%
Richmond	77	7.8%	\$25,893	13.7%	1	5.2%	\$34,413	4%
Roanoke *	NA	NA	NA	NA	6	31.6%	NA	NA
TOTAL	986	100%	\$189,227	100%	19	100%	\$853,616	100%

* The Roanoke assessment area was not evaluated because the bank delineated this assessment area after acquiring The Bank of Fincastle in July 2021. Also, loan and deposit volume cannot be shown for this assessment area because loan volume is from 2018 – 2020 and deposit volume is current as of June 2020.

CRA APPENDIX C

ASSESSMENT AREA DELINEATIONS AND BRANCHING ACTIVITY

The following tables reflect the current composition of the bank’s assessment areas and information about branching changes since the previous evaluation (June 4, 2018).

Assessment Area Name	City/County	State	Census Tracts Included
Shenandoah, VA NonMSA	Shenandoah County	VA	All
Washington-Arlington-Alexandria, VA	Frederick County	VA	All
	Warren County	VA	All
	Winchester City	VA	All
Harrisonburg-Staunton, VA	Rockingham County	VA	All
	Augusta County	VA	All
	Harrisonburg City	VA	All
	Staunton City	VA	All
	Waynesboro City	VA	All
Prince Edward, VA NonMSA	Buckingham County *	VA	All
	Prince Edward County	VA	All
Richmond, VA	Henrico County	VA	All
	Chesterfield County	VA	All
	Richmond City	VA	All
Roanoke, VA	Botetourt County	VA	All
	Roanoke County	VA	All
	Salem City	VA	All
	Roanoke City	VA	All

* Buckingham County became part of the Prince Edward, VA NonMSA assessment area in 2019. Prior to 2019, Buckingham County was part of the Charlottesville, VA MSA.

Branches that were acquired resulted from FB’s acquisition of The Bank of Fincastle on July 1, 2021.

Assessment Area	Address	City	State	Tract Income Level	Action
Shenandoah, VA NonMSA	496 N Main St	Woodstock	VA	Middle	Closed (1/31/2019)
Roanoke, VA	17 South Roanoke St	Fincastle	VA	Upper	Acquired (7/1/2021)
	1245 Roanoke Rd	Daleville	VA	Upper	
	200 The Glebe Blvd	Daleville	VA	Upper	
	5192 Lee Hwy South	Troutville	VA	Middle	
	614 Lee Hwy	Roanoke	VA	Upper	
	98 Blue Ridge Blvd	Roanoke	VA	Middle	

CRA APPENDIX D

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.