



PUBLIC DISCLOSURE

April 19, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

FIRST COMMUNITY BANK

BLUEFIELD, 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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PERFORMANCE EVALUATION**

First Community Bank

2353595

P. O. Box 989

Bluefield, VA 24605

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: *First Community Bank* is rated "SATISFACTORY."

The following table indicates the performance level of *First Community Bank* with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>First Community Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests in determining the overall rating.

Major factors supporting the institution's rating include:

- Lending levels reflect good responsiveness to assessment area credit needs when taking into account the number and amount of home mortgage and small business loans in the bank's assessment areas.
- A substantial majority of the institution's reported Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment areas.
- While the bank's geographic distribution performance varies by assessment area and product type, the geographic distribution of loans reflects good penetration overall throughout the states and multi-state area in which the bank operates.
- The bank's borrower distribution performance also varies by assessment area and product type. The overall distribution of borrowers reflects, given the product lines offered and evaluated, good overall penetration among customers of different income levels and businesses of different sizes.
- The bank exhibits a good record of serving the credit needs of low-income individuals and geographies as well as very small businesses.
- The bank made few community development loans within its assessment areas given its overall capacity to extend such loans.
- During the evaluation period, the bank made use of innovative and/or flexible lending practices in serving assessment area credit needs.

- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. Overall, the bank makes occasional use of innovative and/or complex investments to support community development initiatives.
- The bank exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible to individuals and geographies of different income levels within the bank's overall assessment areas.
- The bank's opening and closing of branch locations generally did not adversely affect the accessibility of its delivery systems, particularly to low- and moderate-income people and areas.
- Banking services do not vary in a way that inconveniences the bank's assessment areas, particularly to low- and moderate-income areas and/or people.
- During the evaluation period, the bank provided an adequate level of qualified community development services given its capacity and available opportunities.

INSTITUTION

DESCRIPTION OF INSTITUTION

First Community Bank (FCB) is headquartered in Bluefield, Virginia, and operates 51 full-service branch offices in the Commonwealth of Virginia and states of West Virginia, North Carolina, and Tennessee. The institution is a wholly-owned subsidiary of First Community Bancshares, also headquartered in Bluefield, Virginia. While FCB is affiliated with several other entities, none extend loans. The bank's previous CRA rating, dated September 10, 2018, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment areas.

As of December 31, 2020, the bank had assets totaling \$3 billion, of which 71.8% were net loans and 2.8% were securities. As of the same date, deposits totaled \$2.6 billion. Various loan and deposit products are available through the institution including loans for consumer and commercial purposes. The composition of the loan portfolio using gross loans, as of December 31, 2020, is represented in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2020	
	\$(000s)	%
Secured by 1-4 Family dwellings	945,363	43.2
Multifamily	115,161	5.3
Construction and Development	62,394	2.9
Commercial & Industrial/ NonFarm NonResidential	883,697	40.4
Consumer Loans and Credit Cards	120,372	5.5
Agricultural Loans/ Farmland	29,510	1.3
All Other	30,135	1.4
Total	2,186,632	100.0

As indicated in the preceding table, FCB is an active residential mortgage and commercial lender. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of commercial and industrial loans. The bank offers other loans, such as consumer and small farm loans; however, the volume of such lending is comparatively small.

The bank delineated 13 assessment areas in the Commonwealth of Virginia and the states of West Virginia, North Carolina, and Tennessee. Since the previous evaluation, the bank acquired 14 branch locations as the result of a bank acquisition. The bank has closed ten branches since the previous examination. Seven of those branches were locations that the bank acquired. The bank closed one branch location in a moderate-income census tract. Most of the bank's branching activity was in middle-or upper-income census tracts. Tables reflecting the current composition of the bank's 13 assessment areas and recent branching activity are included in **Appendix E**.

SCOPE OF EXAMINATION

FCB was evaluated using the interagency examination procedures for large bank institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, residential mortgage (HMDA), small business, and small farm lending activity reported by FCB from January 1, 2018, through December 31, 2019, was reviewed.

Qualified community development loans that were originated or renewed from September 10, 2018, the date of the most recent CRA evaluation, through April 19, 2021 (i.e. the evaluation period), are also considered for this evaluation. All qualified community development services provided since the

previous evaluation, all qualified investments made during the evaluation period, and those investments outstanding as of the date the evaluation began, regardless of when made, were also considered. The evaluation considers only the activities of FCB and does not include the activities of any other affiliates.

The bank serves 13 assessment areas. Based upon relative market size as determined by loan activity, proportion of bank deposits, area population and location, full-scope evaluation procedures were applied to the following assessment areas:

- Mercer, WV NonMSA
- Nicholas, WV NonMSA
- Blacksburg-Christiansburg-Radford, VA
- Richmond, VA
- Tazewell, VA NonMSA
- Kingsport-Bristol-Johnson City, TN-VA
- Hickory-Lenoir-Morganton, NC
- Surry, NC NonMSA

Because of the bank's branch locations, an overall rating and the ratings for the Lending, Investment, and Service Tests are required for the institution, West Virginia, Virginia, North Carolina, and the multistate metropolitan area (Kingsport- Bristol- Johnson City, TN-VA assessment area).

Three of the remaining assessment areas, Beckley, WV MSA and Roanoke, VA, and Emporia, VA NonMSA were subject to the limited review procedures provided for by the FFIEC. For each assessment area reviewed utilizing the limited scope evaluation procedures, a determination was made as to whether performance is consistent with the assigned overall state rating. The two remaining assessment areas, Knoxville, TN and Sevier, TN NonMSA, were not evaluated because the bank delineated these assessment areas in 2020 and the evaluation does not include 2020 HMDA or CRA data. **Appendix D** includes information detailing the lending volume, branch locations, and deposit volume by assessment area.

While the bank has reported its 2020 HMDA and CRA data, that data is not included in this analysis because the 2020 aggregate 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.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The institution's overall rating is based on the ratings assigned to the Commonwealth of Virginia, the states of West Virginia and North Carolina, and the multistate metropolitan area. These ratings are weighted primarily according to bank activity as measured by relative lending volume, amount of deposits, and the number of branches. According to FFIEC examination procedures, the Lending Test performance accounts for half of the overall rating, while the Investment and Service Tests are equally weighted and combined, account for the remaining half of the overall rating. In all cases, conclusions also take into consideration relevant performance context factors.

To help determine the availability of community development opportunities in specific assessment areas, the CRA public evaluations of other financial institutions operating in these areas were reviewed. Also, in some assessment areas, members of the community were contacted to learn about local economic conditions, local credit needs, performance of banks in the assessment area, as well as potential community development opportunities.

As indicated in **Appendix D**, the bank’s operations (i.e. loan originations, branches, and deposit account volume) are heavily concentrated in the State of West Virginia and the Commonwealth of Virginia. As such, FCB’s performance in West Virginia and Virginia is weighted more heavily than the performance in the multi-state area and North Carolina when considering the institution’s overall performance ratings.

LENDING TEST

The bank's overall lending test performance is rated High Satisfactory. This rating considers the bank's lending activity, assessment area concentration, geographic and borrower distribution performances, responsiveness to credit needs, community development lending, and product innovation. These components are discussed in subsequent sections.

Lending Activity:

Combined lending activity from 2018 and 2019 based on the bank’s reported loan data reviewed during this evaluation is detailed in the following table.

Summary of Lending Activity

Loan Type	#	%	\$(000)	% of \$
Home Improvement	153	2.62	13,626	1.98
Home Purchase	1,320	22.58	182,925	26.57
Multi-Family Housing	60	1.03	32,492	4.72
Refinancing	792	13.55	105,169	15.28
Loan Purpose Not Applicable	0	0	0	0
Other Purpose Closed-End	35	0.60	2,602	0.38
Other Purpose LOC	0	0	0	0
Total HMDA related	2,360	40	336,814	49
Small Business	3,103	53.08	327,822	47.62
Small Farm	383	0.00	0	0.00
TOTAL LOANS	5,846	100	688,410	100

Overall, the bank’s lending levels reflect good responsiveness to credit needs, based on the lending activity analyzed under the Lending Test. The total number and dollar volume of loans were considered in arriving at the lending activity conclusion. In addition, loan volume by assessment area was also generally comparable with the bank’s share of deposits in its assessment areas.

Information about the bank’s loan-to-deposit ratio, changes in loans and deposits, and its market share and rankings can provide additional context regarding the bank’s lending activity and its capacity. As of December 31, 2020, FCB’s loan-to-deposit ratio equaled 84.5% and averaged 89.5% during the ten-quarter period ending December 31, 2020. Since September 30, 2018, FCB’s assets, loans, and deposits increased by similar amounts (32.9%, 21.9% and 34.8%, respectively).

According to 2019 aggregate data, FCB ranked 37th out of 788 reporters in HMDA lending with a 0.7% market share. According to 2019 aggregate loan data, the institution ranked 11th out of 165 reporters in small business/small farm lending volume with a 2% market share. The bank’s comparatively high market share rankings indicate that the bank is an active lender within its combined assessment areas.

To meet the credit needs of its various assessment areas, FCB offers a broad range of financial products and services. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts, or promote economic development. The following are examples of loan and accommodation programs that the bank utilized in an effort to be responsive to community credit needs.

- Paycheck Protection Program (PPP) – The bank offered PPP loans designed to help businesses keep their workforce employed during the coronavirus (COVID-19) crisis. During 2020, FCB originated 802 PPP loans totaling \$62.7 million.
- Modifications - During 2020, FCB modified 2,192 loans to borrowers impacted by the COVID-19 crisis.

While many of these loans have been reported by the bank as community development or small business loans, they are examples of FCB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FCB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Assessment Area Concentration:

The institution's volume of reported HMDA, small business, and small farm loans from January 1, 2018, through December 31, 2019, is reflected in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	1,144	86.7	145,708	79.7	176	13.3	37,217	20.3
Home Improvement	145	94.8	12,901	94.7	8	5.2	725	5.3
Refinancing	713	90.0	87,739	83.4	79	10.0	17,430	16.6
Multi-Family Housing	45	75.0	22,528	69.3	15	25.0	9,964	30.7
Loan Purpose Not Applicable	0	0.0	0	0.0	0	0.0	0	0.0
Other Purpose Closed/Exempt	33	94.3	2,235	85.9	2	5.7	367	14.1
Other Purpose LOC	0	0.0	0	0.0	0	0.0	0	0.0
Total HMDA related	2,080	88.1	271,111	80.5	280	11.9	65,703	19.5
Small Business	2,809	90.5	285,628	87.1	294	9.5	42,194	12.9
Small Farm	357	93.2	22,250	93.6	26	6.8	1,524	6.4
TOTAL LOANS	5,246	89.7	578,989	84.1	600	10.3	109,421	15.9

As indicated in the preceding table, a substantial majority of the total number (89.7%) and dollar amounts (84.1%) of loans have been provided to borrowers within the bank’s assessment areas.

Geographic and Borrower Distribution:

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then weighted by the dollar volume and strength of performance for each category extended in the assessment area. Similarly, when the performance of multiple assessment areas is considered to reach a statewide, multistate, and/or institutional rating, the overall level of performance from each assessment area subject to full-scope review is weighted primarily according to the dollar volume of originations during the review period.

During 2018 and 2019, FCB reported originating 231 small farm loans totaling \$14.5 million within its assessment areas. During the same time period, the bank reported 3,257 HMDA and small business loans totaling \$362.7 million within its assessment areas. Because of the comparatively low volume, the bank’s small farm geographic and borrower distribution performance was not evaluated, as it would not affect FCB’s overall performance.

While HMDA and CRA data from calendar years 2018 and 2019 were fully analyzed and considered in the evaluation, only bank and aggregate HMDA and CRA data for 2019 are presented in the assessment area analysis tables. In instances where the performance for 2018 varies significantly from the performance noted during 2019, such variance and the corresponding impact on the overall performance are discussed.

When evaluating the bank's performance, relevant area demographic data from the 2015 American Community Survey (ACS) are used as proxies 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 the ACS data that is published and updated once every five years. Dun & Bradstreet (D&B) demographic data from 2018 and 2019 is also considered when evaluating the bank's performance. Aggregate HMDA and CRA loan data reported from 2018 and 2019 is considered when evaluating the bank's performance. Aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA loan data within the bank's assessment areas. Because FCB is required to report HMDA and CRA loan data, its lending is included in the aggregated 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.

Within FCB's market areas, a high level of small business lending activity was reported by specialized lenders, who often originate small business loans in the form of credit cards. These 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. Consequently, the presence of these lenders was considered as an aspect of performance context when evaluating the level and distribution of bank lending.

The bank's geographic distribution performance is considered good in the multistate metropolitan area and West Virginia and adequate in Virginia and North Carolina. After accounting for the variation in performance and assessment area size, the bank's overall geographic distribution is considered good.

Overall borrower distribution performance is considered excellent in the multistate metropolitan area, West Virginia, and North Carolina and good in Virginia. The performance in West Virginia and Virginia is given more weight in the overall conclusion because these areas account for a large majority of the bank's overall lending. When considering the strength of performance by product and size of each state and the multi-state area, the bank's borrower distribution performance is considered good.

Throughout the analysis of lending, loans without reported income (in the case of borrower distribution) and loans where reported geographic information is incomplete (in the case of geographic distribution) are excluded from both the bank loan totals and comparative aggregate lending totals.

Community Development Lending:

The availability of safe and sound community development loan opportunities varies by assessment area. Community development lending opportunities within the bank's full-scope assessment areas are reasonably available in the metropolitan assessment areas (Kingsport-Bristol-Johnson City, TN-VA; Blacksburg-Christiansburg-Radford, VA; Richmond, VA; and Hickory-Lenoir-Morganton, NC), while opportunities are limited in the bank's remaining full-scope nonmetropolitan assessment areas (Mercer, WV; Nicholas, WV; Tazewell, VA; Surry, NC). This conclusion is based, in part, upon the review of other public evaluations for institutions serving these assessment areas, as well as information from affordable housing, economic development, community development financial institutions, and community service officials working within the full-scope assessment areas. Additionally, the nonmetropolitan assessment areas are less densely populated and contain fewer low- and moderate-income census tracts, which can limit the availability of community development opportunities. Notwithstanding these limitations, the bank faces no constraints relative to its size and business strategy in making community development loans.

During the evaluation period, the bank originated six community development loans totaling \$11.1 million within its assessment areas or broader statewide area. Additional information regarding the remaining loans is included in the pertinent assessment area discussions. Overall, relative to available opportunities, the bank made few community development loans during the evaluation period.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory. As of March 31, 2021, the institution reported \$3.1 billion in total assets and a securities portfolio totaling \$87.6 million. As of the evaluation date, FCB held approximately \$38.6 million in qualified investments. The institution also supports community development organizations by making charitable donations. During the evaluation period, the bank made charitable donations to community development organizations totaling approximately \$51,975 on a combined assessment area basis.

The bank's qualified investments that benefit areas within multiple states include the following:

- Ginnie Mae Multifamily Housing Bonds (\$9.5 million) – The bonds are securitized by loans extended to low- and moderate-income borrowers in each of the four states in which the bank operates.
- Freddie Mac Mortgage-Backed Securities (\$7.8 million) – The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in each of the four states in which the bank operates.
- Fannie Mae Mortgage-Backed Securities (\$11.4 million) – The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in each of the four states in which the bank operates.
- Charitable donations totaling \$3,250 were provided to community development organizations that serve multiple assessment areas or multistate areas.

Qualified investments, including donations, targeting specific statewide areas and/or assessment areas are discussed in conjunction with the evaluation of those areas.

SERVICE TEST

FCB's overall performance under the Service Test is rated Low Satisfactory. Delivery systems, branch locations, and hours of operation are considered reasonably accessible to individuals and geographies of different income levels within the bank's assessment areas. Of the 51 branch offices, none are located within low-income areas, and five (9.8%) are located in moderate-income areas.

As indicated in **Appendix E**, the bank acquired 14 branch locations as the result of a bank acquisition since the previous evaluation. The bank also closed ten branches since the previous examination. Of its branching activity, FCB acquired one branch located in a moderate-income census tract and closed a branch in a moderate-income census tract located in a different assessment area. The bank's remaining branching activity occurred in middle- and upper-income census tracts. FCB's branching activity generally did not adversely affect the accessibility of its banking delivery systems within its combined assessment areas, particularly for low- or moderate-income people or census tracts. Retail banking services do not vary in a way that inconveniences any portion of the bank's assessment areas, including low- and moderate-income areas or people.

Overall, FCB and its employees provide an adequate level of community development services throughout the bank's assessment areas. The following activities benefit both the multistate metropolitan assessment area and the Tazewell, VA NonMSA assessment area in the Commonwealth of Virginia.

- Southwest Virginia Community Health Systems- A bank employee serves as on the board of directors for the organization that provide health care targeted to low- and moderate-income individuals.

Additional discussion of community development services is included within the applicable assessment area sections of this evaluation.

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.

STATE OF WEST VIRGINIA

CRA RATING FOR WEST VIRGINIA: SATISFACTORY

The lending test is rated: HIGH SATISFACTORY

The investment test is rated: HIGH SATISFACTORY

The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect excellent responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product within the State of West Virginia and is considered good overall.
- The bank's borrower distribution performance varies by product within the State of West Virginia and is considered excellent overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- Although FCB makes use of flexible lending practices to meet area credit needs, the bank made a low level of community development loans in West Virginia during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within the bank's assessment areas located in West Virginia. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- The bank and its employees provided an adequate level of community development services within its West Virginia assessment areas during the evaluation period.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, FCB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (September 10, 2018). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated three assessment areas in West Virginia. On a combined basis, the West Virginia assessment areas account for 50.6% of the bank's combined 2018 and 2019 lending (dollar volume), 37.3% of branches, and 42.4% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

Based upon relative size and concentration of banking activities, the following two assessment areas were identified as the bank's primary markets within West Virginia and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

- Mercer, WV NonMSA
- Nicholas, WV NonMSA

Consequently, the bank's performance ratings within West Virginia are based on its performance in these two assessment areas, as well as activities that take place at the statewide or institutional level. The remaining assessment area (Beckley, WV) was subject to limited review procedures, and a determination was made as to whether the performance within the assessment area exceeded, was consistent with, or was below the assigned state ratings. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN WEST VIRGINIA

The bank operates 19 branches within three assessment areas in the state. The assessment areas are located in the southern and eastern portions of West Virginia. The 19 branch offices account for \$1.1 million (42.4%) of the bank's total deposit base. As of June 30, 2020, FCB ranked 2nd out of 32 financial institutions in local deposit market share according to data compiled by the FDIC and held 11.7% of the assessment area's deposits.

According to 2015 ACS data, the bank's combined assessment areas within the State of West Virginia have a population of 578,565, including 154,992 families. A majority of the families are middle- and upper-income (60.9%), while low- and moderate-income families comprise 21.8% and 17.3% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 62.1%, and 14.9% of families live below the poverty level. The following table details the median family income data for FCB's assessment areas in West Virginia during 2018 and 2019.

Assessment Area	Median Family Incomes	
	2018	2019
Beckley, WV MSA	\$48,700	\$61,800
West Virginia Statewide Nonmetropolitan Areas	\$52,200	\$52,200

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN WEST VIRGINIA

When considering the overall statewide ratings, performance within the two assessment areas subject to full-scope review were generally weighted by the dollar volume of lending and strength of performance within the assessment areas. The statewide performance conclusions also include activities taking place within the statewide or larger regional area that includes West Virginia.

LENDING TEST

Overall, the statewide lending test is rated High Satisfactory. FCB's volume of lending activity reflects an excellent level of responsiveness within the statewide area. Overall, the bank's geographic distribution performance is considered good, while its borrower distribution performance is considered excellent. Similarly, FCB generally exhibits a good record of serving the credit needs of low-income individuals and areas, as well as very small businesses. However, the bank reported originating only a few community development loans within the State of West Virginia.

Lending Activity:

Overall, lending activity is considered excellent and is responsive to the credit needs of the assessment areas. FCB's lending as measured by number and dollar volume within the assessment area (59% and 50.6%, respectively) exceeds the proportion of bank deposits (42.4%) within West Virginia and the percentage of area branches (37.3%).

According to 2019 aggregate data, FCB ranked 5th out of 231 reporters in HMDA lending with a 4.9% market share, and it ranked 4th out of 77 reporters in small business/small farm lending volume with an 8.1% market share. The relatively high market share rankings indicate that the bank is a significant provider of HMDA and CRA loans within its assessment areas in West Virginia.

FCB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts, or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP loan products and modifications resulting from the pandemic. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of FCB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FCB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic and Borrower Distribution:

FCB's geographic (lending in low- and moderate-income census tracts) and borrower (lending to low- and moderate-income borrowers and businesses and farms with revenues of \$1 million or less) distribution performance varies by loan product and assessment area in West Virginia.

Within FCB's two full-scope assessment areas in West Virginia, its HMDA geographic distribution performance is excellent, and its small business performance is adequate. The bank's overall statewide geographic distribution performance is considered good.

From a borrower distribution performance perspective, the bank's HMDA performance is good, while its small business performance is excellent within West Virginia. Overall, the bank's performance is considered excellent. In reaching this conclusion, similar weight was placed on the performance of each product given the similar dollar volume of HMDA (\$77.6 million) and small business lending (\$73.7 million) in the two full-scope assessment areas during 2018 and 2019. The relative strength of performance of each product was also considered.

Community Development Loans:

Community development lending opportunities are limited within the two nonmetropolitan assessment areas and reasonably available within the Beckley, WV MSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

FCB originated few community development loans within the assessment area during the evaluation period when considering its capacity and available opportunities. FCB originated the following community development loans in West Virginia during the evaluation period.

- A \$4 million community development loan that benefited multiple assessment areas in the state.
- A \$664,000 community development loan that benefited the Beckley, WV MSA assessment area. This loan was originated as part of the bank's participation in the SBA's PPP loan program.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the State of West Virginia. The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

FCB held qualified investments totaling \$2.6 million that specifically benefitted the bank's assessment areas located in the State of West Virginia.

- Ginnie Mae Multifamily Housing Bonds (\$2.1 million) - The bonds are securitized by loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in West Virginia.
- Fannie Mae Mortgage-Backed Securities (\$508,915) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in West Virginia.
- Charitable donations totaling \$15,096 were made to entities that provide community development services to residents within the bank's combined West Virginia assessment areas.

As previously noted, the bank also maintains additional qualified investments that benefited multiple states including West Virginia. The presence of these institutional-level qualified investments, which benefit areas within West Virginia, coupled with the qualified investments that specifically benefit West Virginia assessment areas, was considered in reaching the overall conclusion.

SERVICE TEST

FCB's Service Test performance in West Virginia is rated Low Satisfactory. Delivery systems and branch locations are accessible within the bank's market area and to people of varying income levels. Within West Virginia, the bank operates 19 branches, of which none are located in low-income census tracts and three (15.8%) are located in moderate-income census tracts. Within the statewide assessment areas, 1.1% and 12.7% of area households are located in low- and moderate-income census tracts, respectively. No branches have been opened or closed in this assessment area since the previous evaluation. Business hours and branch services offered do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income areas and people.

As previously discussed, opportunities for providing community development services are somewhat limited within the full-scope metropolitan assessment areas. Within this context, the bank's employees have participated in an adequate level of community development services during the evaluation period. Discussion of specific activities is included for each assessment area, as applicable.

NON-METROPOLITAN WEST VIRGINIA STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MERCER, WV NONMSA ASSESSMENT AREA

The Mercer, WV NonMSA assessment area is located in southern West Virginia, and includes all of the counties of Logan, McDowell, Mercer, Monroe, Summers, and Wyoming. Within this assessment area, FCB operates 11 full-service branches. As of June 30, 2020, FCB ranked 1st out of 14 financial institutions in local deposit market share according to data compiled by the FDIC and held 25.3% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 168,388 and a median housing value of \$75,204. Within the assessment area the owner-occupancy rate equals 61.7%, which is slightly higher than the rate of nonmetropolitan areas within West Virginia (60.3%) and the State of West Virginia (60.8%). The percentage of area families living below the poverty level in the assessment area (17.8%) exceeds the rate of nonmetropolitan areas within West Virginia (14.9%) and the State of West Virginia (13.1%). The median family income for nonmetropolitan areas in West Virginia equaled \$52,200 during 2018 and 2019. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Mercer, WV NonMSA (Based on 2015 ACS Data and 2019 D&B Information)									
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low	1	2.2	1,229	2.7	402	32.7	11,977	25.9	
Moderate	14	30.4	10,030	21.7	2,507	25.0	8,356	18.0	
Middle	27	58.7	29,503	63.7	4,690	15.9	8,581	18.5	
Upper	4	8.7	5,544	11.9	633	11.4	17,392	37.6	
NA	0	0.0	0	0.0	0	0.0			
Total	46	100.0	46,306	100.0	8,232	17.8	46,306	100.0	
	Owner Occupied Units by Tract	Households							
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income			
		#	%	#	%	#	%	#	
Low		1,412	2.7	1,849	2.7	611	33.0	18,831	27.6
Moderate		10,592	20.5	15,174	22.2	4,575	30.2	11,787	17.3
Middle		33,752	65.2	43,227	63.3	8,738	20.2	10,991	16.1
Upper		6,038	11.6	8,029	11.8	1,258	15.7	26,670	39.0
NA		0	0.0	0	0.0	0	0.0		
Total		51,794	100.0	68,279	100.0	15,182	22.2	68,279	100.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size							
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported			
		#	%	#	%	#	%	#	
Low		30	0.8	25	0.8	2	0.6	3	3.0
Moderate		997	26.9	868	26.5	101	30.6	28	28.0
Middle		2,266	61.2	2,011	61.4	192	58.2	63	63.0
Upper		411	11.1	370	11.3	35	10.6	6	6.0
NA		0	0.0	0	0.0	0	0.0	0	0.0
Total		3,704	100.0	3,274	100.0	330	100.0	100	100.0
Percentage of Total Businesses:				88.4		8.9		2.7	

*NA-Tracts without household or family income as applicable

All of the middle-income tracts in Logan, McDowell, Mercer, Monroe, Summers, and Wyoming counties are considered distressed and/or underserved. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers. The following table provides additional detail regarding the distressed and underserved 2018 designations.

County	Distressed Designations			Underserved
	Poverty	Unemployment	Population Loss	
Logan	X	X		
McDowell	X	X	X	X
Mercer	X			
Monroe				X
Summers	X			
Wyoming	X	X		X

Similar to the FFIEC’s distressed and underserved designations for 2018, all of the middle-income tracts in the assessment area are classified as distressed and/or underserved during 2019. The following table provides additional detail regarding the distressed and underserved designations.

County	Distressed Designations			Underserved
	Poverty	Unemployment	Population Loss	
Logan	X	X		
McDowell	X	X	X	X
Mercer	X	X		
Monroe				X
Summers	X	X		
Wyoming	X	X		X

Employment opportunities within the assessment area primarily consist of mining, service (private and government), and health care industries. The major employers of the area include several area hospitals, local school systems, the Federal Prison System, Aracoma Coal Company, Coal Mac, Extra Energy, Diversified Gas and Oil, and Greenbrier Minerals. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Logan County, WV	8%	6.2%	9.1%	8.1%
McDowell County, WV	9.2%	10.3%	12.1%	9.7%
Mercer County, WV	7.2%	6.1%	6.7%	7%
Monroe County, WV	5.7%	5.3%	6.4%	4.7%
Summers County, WV	7.9%	6.8%	7.4%	6.3%
Wyoming County, WV	7.1%	7.7%	8.5%	7.8%
State of West Virginia	6.1%	5.5%	6.2%	6.1%

Area unemployment rates in Logan, McDowell, Mercer, and Wyoming County remain high in relation to the statewide rate. Increases in the unemployment rates in 2020 and 2021 are attributed, in large part, to the coronavirus pandemic. Since the 2020 increase, unemployment has generally trended downward. Overall, the unemployment rates suggest that the local economy may not be as strong as the statewide economy.

An official from an economic development organization was contacted during the evaluation to discuss local economic conditions and community needs. The contact suggested that area financial institutions can provide additional small business development support, specifically financial counseling, within the assessment area. The contact indicated that area financial institutions are reasonably serving the banking needs of the community.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area because of limited infrastructure to support the provision of community development activities. While the community development infrastructure may be limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered excellent. This conclusion is based primarily on FCB's excellent lending activity, geographic distribution, and borrower distribution performances. However, the bank originated a low level of community development loans impacting this assessment area during the evaluation period. While the bank's community development loan performance is weak in relation to the other Lending Test factors, the strength of the bank's lending activity and geographic and borrower distribution performances drive the overall Lending Test conclusion.

During 2018 and 2019, the bank originated \$42.7 million in HMDA and \$37 million in small business loans. Based on relative lending volumes, the bank's HMDA performance was generally given more weight when considering its overall performance within the assessment area.

Lending Activity:

Lending levels reflect excellent responsiveness in relation to assessment area credit needs. During 2018 and 2019 the bank reported 380 HMDA, 485 small business, and 41 small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (26%) and dollar volume (22.1%) is similar to the percentage of local deposits (24.8%) and bank branches (21.6%) in the assessment area.

According to 2019 aggregate data, FCB ranked 1st out of 125 reporters in HMDA lending with a 10.5% market share, and the institution also ranked 1st out of 58 reporters in small business/small farm lending volume with a 16% market share. The bank's HMDA and CRA data market share ranking indicate that it is a significant provider of such loans within the assessment area.

Geographic Distribution:

FCB's geographic distribution performance is considered excellent for HMDA and good for small business lending. When considering the strength of the bank's performance by loan product and dollar volume of each loan product, FCB's geographic distribution performance is excellent overall.

Distribution of HMDA Loans by Income Level of Census Tract

Mercer, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(95)				(1,128)			
Low	0	0.0	0	0.0	11	1.0	695	0.6
Moderate	27	28.4	3,163	28.4	172	15.3	15,675	12.8
Middle	51	53.7	5,594	50.3	741	65.7	78,597	64.1
Upper	17	17.9	2,369	21.3	203	18.0	27,561	22.5
	(73)				(460)			
Low	1	1.4	64	0.8	4	0.9	265	0.5
Moderate	13	17.8	1,081	13.3	61	13.3	5,654	10.9
Middle	40	54.8	4,387	54.0	306	66.5	34,158	65.8
Upper	19	26.0	2,586	31.9	89	19.3	11,822	22.8
	(11)				(97)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	1	9.1	150	17.9	14	14.4	707	15.5
Middle	9	81.8	656	78.5	63	64.9	2,900	63.4
Upper	1	9.1	30	3.6	20	20.7	968	21.1
	(6)				(17)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	2	33.3	274	41.2	5	29.4	949	5.0
Middle	3	50.0	266	40.0	10	58.8	17,738	93.2
Upper	1	16.7	125	18.8	2	11.8	344	1.8
	HMDA Totals							
Low	1	0.5	64	0.3	15	0.9	960	0.5
Moderate	43	23.2	4,668	22.5	252	14.8	22,985	11.6
Middle	103	55.7	10,903	52.6	1,120	65.8	133,393	67.4
Upper	38	20.6	5,110	24.6	314	18.5	40,695	20.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	185	100.0	20,745	100.0	1,701	100.0	198,033	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase and refinancings are considered excellent, its home improvement lending performance is adequate, and its multifamily lending is considered good.

Because there is only one low-income census tract within the assessment area, opportunities to lend in this census tract are limited. While the bank's level of lending in the low-income census tract (.5%) lagged the percentage of owner-occupied housing units (2.7%) and the aggregate level of lending (.9%), FCB's performance has limited weight in the bank's overall geographic distribution performance. The assessment area also includes 14 moderate-income census tracts, and FCB's percentage of lending in such areas (23.2%) exceeded the percentage of owner-occupied housing units (20.5%) and the aggregate level of lending (14.8%). FCB's performance during 2019 is excellent, and its performance during 2018 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Mercer, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	7	0.5	813	1.2
Moderate	61	24.2	7,446	34.9	391	25.4	19,746	29.5
Middle	154	61.1	11,121	52.1	924	60.0	38,661	57.8
Upper	37	14.7	2,761	13.0	217	14.1	7,708	11.5
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	252	100.0	21,328	100.0	1,539	100.0	66,928	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

As previously noted, the assessment area contains only one low-income census tract. While the bank reported no small business loans in the low-income census tract, demographic and aggregate data indicate such lending opportunities are limited with only .8% of area businesses located in the low-income census tract and .5% of the aggregate lending occurring in the low-income census tract. FCB's level of lending in moderate-income census tracts (24.2%) approximated both the percentage of businesses in such areas (26.9%) and the aggregate lending level (25.4%). Overall, the bank's performance is considered good, and its 2018 lending performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is good for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered excellent, in large part because of the strength of the bank's small business lending performance.

Distribution of HMDA Loans by Income Level of Borrower

Mercer, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	13	9.0	535	3.4	127	8.8	7,788	5.1
Moderate	31	21.4	2,295	14.6	274	18.9	22,103	14.4
Middle	23	15.9	2,220	14.1	389	26.8	38,487	25.1
Upper	78	53.7	10,663	67.9	661	45.5	85,084	55.4
Total	145	100.0	15,713	100.0	1,451	100.0	153,462	100.0
Unknown	40		5,032		251		44,622	

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

In 2019, the bank's level of lending to low-income borrowers (9%) lagged the percentage of low-income families within the assessment area (25.9%), but was similar to the aggregate level of lending to such borrowers (8.8%). FCB's lending to moderate-income borrowers (21.4%) exceeded both the percentage of moderate-income families (18%) and the percentage of the aggregate lending levels (18.9%). The bank's performance during 2019 is considered good, and its 2018 lending performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Mercer, WV NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	191	75.8	11,942	56.0	667	41.3	25,203	37.1
Over \$1 Million	61	24.2	9,386	44.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	202	80.2	8,182	38.4	1,463	90.5	27,735	40.8
\$100,001-\$250,000	34	13.5	5,214	24.4	99	6.1	16,292	24.0
\$250,001-\$1 Million	16	6.3	7,932	37.2	54	3.4	23,946	35.2
Total	252	100.0	21,328	100.0	1,616	100.0	67,973	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 88.4% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 41.3% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 50.1% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 75.8% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are limited within the Mercer, WV NonMSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

As previously mentioned, the bank originated one community development loan totaling \$4 million that benefitted multiple assessment areas, including the Mercer, WV NonMSA during the evaluation period. The loan was originated as part of the bank’s PPP lending program. FCB made a low level of development loans within the assessment area during the evaluation period when considering its capacity and available opportunities. To the extent that the bank extended other such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments than can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Mercer, WV assessment area, the bank made charitable donations totaling \$11,646 to area non-profit organizations that provide community development services. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank's performance within the Mercer, WV assessment area is considered adequate. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. While none of the bank's branches are located in low-income census tracts, the bank operates 11 branches within the assessment area, and one (9.1%) branch is located in a moderate-income census tract. According to recent demographic data, 2.7% and 22.2% of all area households are located in low- and moderate-income census tracts, respectively. No branches have been opened or closed in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. The bank offers lobby and drive thru hours on Saturdays as well. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

Although community development opportunities are limited within this assessment area, the bank has sufficient capacity to participate in qualifying activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Mercer, WV assessment area during the evaluation period.

- Princeton Community Hospital Foundation – A bank employee serves as the treasurer for the organization that provides services to low-and moderate-income individuals.
- Bluefield State College Foundation – A bank employee serves on the board of directors for this organization that provides college scholarships primarily to low- and moderate-income students
- Get A Life Program – Several bank employees provided financial education to students through the program at schools that serve low-and moderate-income students within the assessment area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN NICHOLAS, WV NONMSA ASSESSMENT AREA

The Nicholas, WV NonMSA assessment area is located in northern West Virginia, and includes all of counties of Barbour, Braxton, Harrison, Lewis, Marion, Nicholas, Randolph, Taylor, Tucker, Upshur, and Webster, WV. Within this assessment area, FCB operates six full-service branches. As of June 30, 2020, FCB ranked 7th out of 26 financial institutions in local deposit market share according to data compiled by the FDIC and held 5.9% of the assessment area's deposits (credit union deposits are not included).

According to 2015 ACS data, the assessment area has a population of 286,150 and a median housing value of \$94,004. Within the assessment area the owner-occupancy rate equals 61.8%, which is slightly higher than the rate of nonmetropolitan areas within West Virginia (60.3%) and the State of West Virginia (60.8%). The percentage of area families living below the poverty level in the assessment area (13.4%) lags the rate of nonmetropolitan areas within West Virginia (14.7%), but is similar to the State of West Virginia (13.1%). The median family income for nonmetropolitan areas in West Virginia equaled \$52,200 during 2018 and 2019. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Nicholas, WV NonMSA (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	1.2	253	0.3	171	67.6	15,080	19.9
Moderate	9	11.0	6,194	8.2	1,529	24.7	12,483	16.5
Middle	52	63.4	48,993	64.6	6,797	13.9	14,984	19.8
Upper	20	24.4	20,369	26.9	1,689	8.3	33,262	43.8
NA	0	0.0	0	0.0	0	0.0		
Total	82	100.0	75,809	100.0	10,186	13.4	75,809	100.0
	Owner Occupied Units by Tract	Households						
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income		
	#	%	#	%	#	%	#	%
Low	98	0.1	696	0.6	412	59.2	26,012	23.0
Moderate	6,431	7.6	10,067	8.9	2,931	29.1	17,550	15.5
Middle	55,166	64.8	72,057	63.6	12,970	18.0	18,763	16.6
Upper	23,409	27.5	30,409	26.9	3,814	12.5	50,904	44.9
NA	0	0.0	0	0.0	0	0.0		
Total	85,104	100.0	113,229	100.0	20,127	17.8	113,229	100.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	122	1.4	106	1.4	11	1.3	5	2.7
Moderate	821	9.4	722	9.4	81	9.7	18	9.7
Middle	4,930	56.6	4,379	56.9	433	52.1	118	63.4
Upper	2,843	32.6	2,492	32.3	306	36.9	45	24.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	8,716	100.0	7,699	100.0	831	100.0	186	100.0
Percentage of Total Businesses:				88.3		9.5		2.2

*NA-Tracts without household or family income as applicable

All of the middle-income tracts in Barbour, Braxton, Lewis, Nicholas, Tucker, Upshur, and Webster counties are considered distressed and/or underserved. The following table provides additional detail regarding the distressed and underserved 2018 designations.

County	Distressed Designations			Underserved
	Poverty	Unemployment	Population Loss	
Barbour	X			
Braxton	X	X		X
Lewis		X		
Nicholas	X	X		
Tucker				X
Upshur	X			
Webster	X			X

Similar to the FFIEC’s distressed and underserved designations for 2018, all of the middle-income census tracts in Barbour, Braxton, Nicholas, Tucker, Upshur, and Webster Counties are considered distressed and/or underserved. The following table provides additional detail regarding the distressed and underserved 2019 designations.

County	Distressed Designations			Underserved
	Poverty	Unemployment	Population Loss	
Barbour	X	X		
Braxton	X	X		X
Nicholas	X	X		
Tucker				X
Upshur	X			
Webster	X	X		X

Employment opportunities within the assessment area are limited and primarily consists of mining, service (private and government), and health care industries. The area’s major employers include several area hospitals, local schools’ systems, the Federal Bureau of Investigation, Arch Coal, Munay American Energy, Mettiki Coal, and Wal-Mart stores. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Barbour County, WV	6.9%	6.4%	7.5%	6.1%
Braxton County, WV	9.2%	8.5%	11.8%	8.9%
Harrison County, WV	5.2%	4.9%	5.8%	5.8%
Lewis County, WV	7%	6.2%	9%	8.9%
Marion County, WV	6.7%	5.7%	6%	6%
Nicholas County, WV	7.9%	7%	9.9%	7%
Randolph County, WV	6.2%	6.6%	7.1%	7.1%
Taylor County, WV	5.7%	5.4%	6.2%	5.5%
Tucker County, WV	6.4%	6%	7%	7.1%
Upshur County, WV	6.2%	6.2%	7.5%	7.3%
Webster County, WV	7.3%	6.6%	9.8%	7.7%
State of West Virginia	6.1%	5.5%	6.2%	6.1%

As indicated in the table, the assessment area includes several contiguous rural counties in northern West Virginia. The unemployment rate of most of the counties in the assessment area remain high in relation to the statewide rate. Area unemployment rates indicate that the local economy may not be as strong as the overall state’s economy.

An official from a community development financial institution was contacted during the evaluation to discuss local economic conditions and community needs. The contact suggested that area financial institutions can provide additional small business development support, specifically financial counseling, within the assessment area. The individual also indicated that area financial institutions are reasonably serving the banking needs of the community.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area, in part, because of a limited infrastructure to support the provision of community development activities. While the community development infrastructure may be limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$36.5 million in HMDA and \$36.8 million in small business loans. The performance of each product was weighted similarly given the similar dollar volume of lending within the assessment area.

Lending Activity:

Overall, FCB's lending levels reflect excellent responsiveness to assessment area credit needs when considering its percentage of loans, deposits, and market share. During 2018 and 2019 the bank reported 337 HMDA, 459 small business, and 107 small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (25.9%) and dollar volume (21%) exceeds the percentage of local deposits (13.7%) and bank branches (11.8%) in the assessment area.

According to 2019 aggregate data, FCB ranked 6th out of 189 reporters in HMDA lending with a 3.7% market share, and 5th out of 66 reporters in small business/small farm lending volume with a 6.9% market share. The bank's relatively high market share rankings indicate that FCB is a significant creditor within this assessment area.

Geographic Distribution:

FCB's geographic distribution performance is considered excellent for HMDA and poor for small business lending. When considering the bank's performance by loan product, its geographic distribution performance is good overall for both products.

Distribution of HMDA Loans by Income Level of Census Tract

Nicholas, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(85)				(2,585)			
Low	0	0.0	0	0.0	5	0.2	583	0.1
Moderate	9	10.6	1,056	10.3	155	6.0	16,020	4.1
Middle	57	67.1	6,673	64.9	1,329	51.4	176,316	45.0
Upper	19	22.3	2,549	24.8	1,096	42.4	198,642	50.8
	(68)				(1,544)			
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	5	7.4	340	4.9	77	5.0	8,149	3.6
Middle	51	75.0	5,106	73.4	838	54.3	111,082	48.9
Upper	12	17.6	1,507	21.7	629	40.7	107,820	47.5
	(11)				(254)			
Low	0	0.0	0	0.0	1	0.4	140	0.9
Moderate	2	18.2	80	11.3	19	7.5	827	5.1
Middle	8	72.7	488	68.9	117	46.1	7,804	48.2
Upper	1	9.1	140	19.8	117	46.0	7,414	45.8
	(1)				(23)			
Low	0	0.0	0	0.0	4	17.4	5,421	12.4
Moderate	0	0.0	0	0.0	2	8.7	325	0.7
Middle	1	100.0	172	100.0	12	52.2	4,054	9.3
Upper	0	0.0	0	0.0	5	21.7	33,823	77.6
	HMDA Totals							
Low	0	0.0	0	0.0	10	0.2	6,144	0.9
Moderate	16	9.7	1,476	8.1	253	5.7	25,321	3.7
Middle	117	70.9	12,439	68.7	2,296	52.1	299,256	44.1
Upper	32	19.4	4,196	23.2	1,847	42.0	347,699	51.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	165	100.0	18,111	100.0	4,406	100.0	678,420	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank’s performance for its home purchase, refinance, and home improvement lending are all considered excellent, while multifamily lending is considered poor. However, multifamily lending performance is only based on one loan and consequently carries the least amount of weight.

Because there is only one low-income census tracts within the assessment area, there is limited opportunity to lend in such areas. This is reflected in the relatively small percentage of owner-occupied housing units (.1%) being located in such areas and the small percentage of aggregate lending (.2%) in such areas. Consequently, the bank’s lack of low-income census tract lending is not considered a critical deficiency in its lending performance. FCB’s level of lending in moderate-income census tracts (9.7%) substantially exceeded the percentage of owner-occupied housing units (7.6%) and aggregate lending (5.7%) in such census tracts. The bank’s performance during 2019 is considered excellent, and its performance during 2018 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Nicholas, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	0	0.0	0	0.0	45	1.3	956	0.7
Moderate	8	3.9	838	4.8	304	8.8	10,156	7.2
Middle	149	73.0	11,547	66.5	1,910	55.3	77,000	54.4
Upper	47	23.1	4,971	28.7	1,194	34.6	53,447	37.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	204	100.0	17,356	100.0	3,453	100.0	141,559	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

As previously noted, the assessment area contains only one low-income census tract, and the bank did not report any loans in it. The percentage of area businesses (1.4%) and percentage of aggregate lending (1.3%) in the low-income is relatively limited. Within moderate-income census tracts, FCB’s level of lending (3.9%) substantially lagged both the percentage of businesses in such areas (9.4%) and the aggregate lending level (8.8%). Overall, the bank’s 2019 performance is considered poor.

During 2018, FCB extended 255 small business loans totaling \$19.4 million. Of these loans 0 (0%) were extended in the one low-income census tract, while 1.4% percentage of businesses and 1.1% of aggregate lending is located in such areas. FCB’s reported 19 loans (7.5%) in area moderate-income census tracts. The bank’s level of lending lagged both the percentage of businesses in such areas (9.9%) and the aggregate lending level (9.1%). Overall, the bank’s performance during 2018 is considered adequate.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered poor based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is good for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered excellent, in part, because of the strength of the bank’s small business lending performance.

Distribution of HMDA Loans by Income Level of Borrower

Nicholas, WV NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	11	7.7	595	3.7	188	4.8	13,011	2.3
Moderate	16	11.2	1,049	6.5	537	13.6	48,156	8.5
Middle	36	25.2	3,489	21.6	958	24.3	111,295	19.8
Upper	80	55.9	11,005	68.2	2,256	57.3	390,770	69.4
Total	143	100.0	16,138	100.0	3,939	100.0	563,232	100.0
Unknown	22		1,973		467		115,188	

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

In 2019, the bank’s level of lending to low-income borrowers (7.7%) lagged the percentage of low-income families within the assessment area (19.9%), but exceeded the percentage of aggregate lending to such borrowers (4.8%). FCB’s lending to moderate-income borrowers (11.2%) lagged the percentage of moderate-income families (16.5%) and approximated the aggregate lending level (13.6%). The bank’s performance during 2019 is considered good, and its 2018 lending performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Nicholas, WV NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	142	69.6	10,245	59.0	1,246	34.8	43,386	30.3
Over \$1 Million	62	30.4	7,111	41.0	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	162	79.4	6,874	39.6	3,292	91.9	50,349	35.1
\$100,001-\$250,000	30	14.7	4,399	25.3	175	4.9	29,075	20.3
\$250,001-\$1 Million	12	5.9	6,083	35.1	117	3.2	63,826	44.6
Total	204	100.0	17,356	100.0	3,584	100.0	143,250	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 88.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 34.8% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 40.1% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 69.6% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are limited within the Nicholas, WV NonMSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

As previously mentioned, the bank originated one community development loan totaling \$4 million that benefitted multiple assessment areas, including the Nicholas, WV NonMSA during the evaluation period. The loan was originated as part of the bank’s PPP lending program. FCB made a low level of community development loans within the assessment area during the evaluation period when considering its capacity and available opportunities. To the extent that the bank extended other such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments than can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

DURING THE EVALUATION PERIOD THE BANK MADE CHARITABLE DONATIONS TOTALING \$3,450 TO AREA NON-PROFIT ORGANIZATIONS THAT PROVIDE COMMUNITY DEVELOPMENT SERVICES WITHIN THIS SPECIFIC ASSESSMENT AREA. OTHER QUALIFIED INVESTMENTS IN THIS ASSESSMENT AREA INCLUDE THOSE ACTIVITIES PREVIOUSLY DESCRIBED AT THE INSTITUTIONAL AND STATEWIDE LEVEL.

SERVICE TEST

The bank's performance within the Nicholas, WV assessment area is considered adequate. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are readily accessible to individuals and census tracts of varying income levels in the assessment area. While none of the bank's branches are located in the low-income census tract, the bank operates six branches within the assessment area, and two (33.3%) branches are located in moderate-income census tracts. According to recent demographic data, 0.6% and 8.9% of all area households are located in low- and moderate-income census tracts, respectively. No branches have been opened or closed in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. The bank offers lobby and drive thru hours on Saturdays as well. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Although community development opportunities are limited within this assessment area, the bank has sufficient capacity to participate in qualifying activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Nicholas, WV assessment area during the evaluation period.

- Foundation for Better Schools- A bank employee serves on the advisory and investment committees for the organization that provides services to low-and moderate-income individuals.
- Get A Life Program- A bank employee provided financial education to students through the program at schools that serve low-and moderate-income students within the assessment area.

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 **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

Assessment Area	Lending Test	Investment Test	Service Test
Beckley, WV	Consistent	Consistent	Below

COMMONWEALTH OF VIRGINIA

CRA RATING FOR VIRGINIA²: SATISFACTORY

The lending test is rated: LOW SATISFACTORY

The investment test is rated: HIGH SATISFACTORY

The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies within the Commonwealth of Virginia and is considered adequate overall.
- The bank's borrower distribution performance varies within the Commonwealth of Virginia and is considered good overall.
- The bank exhibits a good record of serving the credit needs of low-income individuals and areas as well as very small businesses.
- The bank made few community development loans in its Commonwealth of Virginia assessment areas during the evaluation period. In addition, FCB makes use of flexible lending practices to meet credit needs.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within its Virginia assessment areas. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- FCB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or people.
- The bank and its employees provided an adequate level of community development services within its Virginia assessment areas during the evaluation period.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, FCB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (September 10, 2018). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

² For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation is adjusted and does not reflect performance in the parts of those states contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

The bank delineated five assessment areas in Virginia. On a combined basis, the Virginia assessment areas account for 32.1% of the bank’s combined 2018 and 2019 lending (dollar volume), 33.3% of branches, and 27.6% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

Based upon relative size and concentration of banking activities, the following three assessment areas were identified as the bank's primary markets within Virginia and were reviewed utilizing the FFIEC's full-scope evaluation procedures.

- Blacksburg-Christiansburg-Radford, VA
- Richmond, VA
- Tazewell, VA NonMSA

Consequently, the bank's performance ratings within Virginia are based on its performance in these three assessment areas, as well as activities that take place at the statewide or institutional level. The remaining two assessment areas (i.e. Roanoke, VA and Emporia, VA NonMSA) were subject to limited review procedures, and a determination was made as to whether the performance within the assessment areas exceeded, was consistent with, or was below the assigned state ratings. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN VIRGINIA

The bank operates 17 branches within five assessment areas in the state. The assessment areas are located in the central and western portions of the Commonwealth of Virginia. The 17 branch offices account for \$683 million (27.6%) of the bank's total deposit base. As of June 30, 2020, FCB ranked 8th out of 39 financial institutions in local deposit market share according to data compiled by the FDIC and held .5% of the assessment area’s deposits.

According to 2015 ACS data, the bank's combined assessment areas within the Commonwealth of Virginia have a population of 1,569,509, including 385,121 families. A majority of the families are middle- and upper-income (61.7%), while low- and moderate-income families comprise 20.5% and 17.8% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 58.4%, and 9.8% of families live below the poverty level. The following table details the median family income data for FCB’s assessment areas in Virginia during 2018 and 2019.

Assessment Area	Median Family Incomes	
	2018	2019
Blacksburg-Christiansburg-Radford, VA MSA	\$68,800	\$65,700
Richmond, VA MSA	\$83,200	\$81,600
Roanoke, VA MSA	\$65,300	\$71,200
Virginia Statewide Nonmetropolitan Area	\$55,900	\$56,100

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN VIRGINIA

When considering the overall statewide ratings, performance within the three assessment areas subject to full-scope review were generally weighted by the dollar volume of lending and strength of performance within the assessment areas. The statewide performance conclusions also include activities taking place within the statewide or larger regional area that includes Virginia.

LENDING TEST

Overall, the statewide lending test is rated Low Satisfactory. FCB’s volume of lending activity reflects a good level of responsiveness within the statewide area. Overall, the bank’s geographic distribution performance is considered adequate, while its borrower distribution is considered good. Similarly, FCB generally exhibits a good record of serving the credit needs of low-income individuals and areas, as well as very small businesses. However, the bank made a low level of community development loans in the statewide area during the evaluation period.

Lending Activity:

Overall, lending activity is considered good and is responsive to the credit needs of the assessment areas. FCB's lending as measured by number and dollar volume within the assessment area (24.8% and 32.1%, respectively) is similar to the proportion of bank deposits (27.6%) within Virginia and the percentage of area branches (33.3%).

According to 2019 aggregate data, FCB ranked 64th out of 610 reporters in HMDA lending with a 0.2% market share, and it ranked 18th out of 142 reporters in small business/small farm lending volume with a 0.9% market share.

FCB offers a broad range of financial products and services to meet credit needs within Virginia. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts, or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP loan products and modifications resulting from the pandemic. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of FCB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FCB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic and Borrower Distribution:

FCB's geographic (lending in low- and moderate-income census tracts) and borrower (lending to low- and moderate-income borrowers and businesses and farms with revenues of \$1 million or less) distribution performance varies by loan product and assessment area in Virginia.

Within FCB's three full-scope assessment areas in Virginia, its HMDA geographic distribution performance is poor, and its small business performance is adequate. The bank's overall statewide geographic distribution performance is considered adequate. From a borrower distribution performance perspective, the bank's HMDA performance is adequate, while its small business performance is good within Virginia. Overall, the bank's performance is considered good. When evaluating overall performance, greater weight was typically placed on the bank's small business performance because of the larger dollar volume of such lending within Virginia.

Community Development Loans:

The institution's level of responding to community development needs through community development lending is rated Low Satisfactory within the Commonwealth of Virginia. Within the bank's three metropolitan assessment areas in the Commonwealth of Virginia, community development lending opportunities are reasonably available, while opportunities are limited within the two nonmetropolitan assessment areas. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

FCB made a low level of community development loans with Virginia. During the evaluation period, the bank originated four community development loans totaling \$8 million within the Commonwealth of Virginia. One loan was originated as a part of the bank's PPP lending program. Additional information regarding these loans is included in the respective assessment area discussions

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the Commonwealth of Virginia. The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, FCB made charitable donations totaling \$18,329 that specifically benefitted the bank's assessment areas in Virginia. Additionally, FCB held the following qualified investments totaling \$6.1 million that specifically benefitted the bank's assessment areas located in the Commonwealth of Virginia.

- Fannie Mae Mortgage-Backed Securities (\$4.5 million) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in Virginia.
- Freddie Mac Mortgage (\$1 million) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in Virginia.
- Ginnie Mae Multifamily Housing Bonds (\$495,401) - The bonds are securitized by loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in Virginia.
- Virginia Housing Development Authority (\$91,364) - Affordable housing bonds specifically for the Commonwealth of Virginia that provide housing for low- and moderate-income census tracts located in Virginia.

As previously noted, the bank also maintains additional qualified investments that benefitted multiple states including Virginia. The presence of these institutional-level qualified investments, which benefit areas within Virginia, coupled with the qualified investments that specifically benefit Virginia assessment areas, was considered in reaching the overall conclusion.

SERVICE TEST

FCB's statewide performance for the Service Test is rated Low Satisfactory. Delivery systems and branch locations are reasonably accessible within the bank's market area and to people of varying income levels. Within Virginia, the bank operates 17 branches, of which none are located in low-income or moderate-income census tracts. Within the statewide assessment areas, 6.11% and 19.8% of area households are located in low- and moderate-income census tracts, respectively. Business hours and branch services offered do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income areas and people.

The bank's record of opening and closing of branches improved the accessibility of its delivery systems, particularly to low- and moderate-income areas and people. During the evaluation period, the bank opened or acquired two branch offices and also closed two branch offices. While all of the bank's branching activity took place within middle-income census tracts, one of the branches that was added is located in a middle-income census tract that is currently designated as being both distressed and underserved and that is adjacent to a moderate-income census tract.

As previously discussed, opportunities for providing community development services are reasonably available within the full-scope metropolitan assessment areas, but somewhat limited in the full-scope nonmetropolitan assessment area. During the evaluation period, the bank did not provide or participate in any community development service activities in its two metropolitan assessment areas; however, it did participate in such activities in its nonmetropolitan area. When evaluating the bank's overall performance in Virginia, the performance in the nonmetropolitan assessment area (Tazewell, VA NonMSA) was weighted more heavily because of its larger size (i.e. loan volume, number of branches, and deposit volume) in relation to the metropolitan assessment areas, and because fewer community development opportunities exist in the Tazewell, VA NonMSA assessment area. Within this context, the bank's employees have participated in an adequate level of community development services during the evaluation period. Discussion of specific activities is included for each assessment area, as applicable.

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

**DESCRIPTION OF INSTITUTION'S OPERATIONS IN BLACKSBURG-CHRISTAINSBURG-
RADFORD, VA ASSESSMENT AREA**

The Blacksburg-Christiansburg-Radford, VA assessment area is located in southwestern Virginia and includes all of the counties of Giles, Montgomery, Pulaski, and Radford, VA. During 2018, the assessment area also included Floyd County, VA; however, in 2019, the Office of Management and Budget designated Floyd County as a non-MSA county and removed it from the Blacksburg-Christiansburg-Radford, VA MSA. Because of this change, the bank had to remove Floyd County from this assessment area for 2019 and the future. The assessment area includes the entire MSA. Within this assessment area, FCB operates four full-service branches. As of June 30, 2020, FCB ranked 8th out of 13 financial institutions in local deposit market share according to data compiled by the FDIC and held 3.5% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 164,959 and a median housing value of \$163,517. Within the assessment area, the owner-occupancy rate equals 52.6%, which lags the rate in the Commonwealth of Virginia (59.2%). The percentage of area families living below the poverty level in the assessment area (9.2%) exceeds the rate in the Commonwealth of Virginia (8.2%). The median family income for the Blacksburg-Christiansburg-Radford, VA MSA equaled \$68,800 and \$65,700 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Blacksburg-Christiansburg-Radford, VA MSA (Based on 2015 ACS Data and 2019 D&B Information)								
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	6,703	18.6
Moderate	1	3.0	682	1.9	201	29.5	6,596	18.3
Middle	22	66.7	27,313	75.6	2,664	9.8	7,845	21.7
Upper	6	18.2	7,875	21.8	397	5.0	14,970	41.4
NA	4	12.1	244	0.7	57	23.4		
Total	33	100.0	36,114	100.0	3,319	9.2	36,114	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	16,902
Moderate		414	1.1	2,379	3.8	1,479	62.2	8,220
Middle		28,685	76.7	44,891	71.8	7,945	17.7	11,114
Upper		8,074	21.6	14,050	22.5	2,705	19.3	26,289
NA		230	0.6	1,205	1.9	783	65.0	
Total		37,403	100.0	62,525	100.0	12,912	20.7	62,525
	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
Moderate		81	1.5	75	1.5	4	0.9	2
Middle		3,891	73.1	3,497	72.1	356	83.6	38
Upper		1,230	23.1	1,173	24.2	52	12.2	5
NA		119	2.3	105	2.2	14	3.3	0
Total		5,321	100.0	4,850	100.0	426	100.0	45
Percentage of Total Businesses:				91.1		8.0		0.9

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consist of local government, area school systems, universities, manufacturing, and retail. The area’s major employers include Celanese Acetate (chemical manufacture), Radford University, Kollmorgen Corporation (robotic manufacture), Virginia Polytechnic Institute and State University, Carilion New River Valley Medical Center, and Volvo Group North America. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Giles County, VA	3.8%	3.3%	3.8%	4.5%
Montgomery County, VA	3%	2.8%	2.8%	3.9%
Pulaski County, VA	3.6%	3.3%	4.9%	5.2%
City of Radford, VA	3.8%	3.4%	3.7%	5.3%
Blacksburg-Christiansburg-Radford, VA MSA	3.3%	3%	3.3%	4.4%
Commonwealth of Virginia	3.2%	2.9%	2.8%	5.1%

In the two years prior to 2020, unemployment rates remained stable with a slightly downward trend. Increases in unemployment in 2020 and 2021 are attributed, in large part, to the coronavirus pandemic.

An official from an affordable housing organization was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted the limited availability of affordable housing units. The individual contacted also indicated that area financial institutions are adequately meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA:

LENDING TEST

The institution's overall lending performance within this assessment area is considered adequate. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$16.9 million in HMDA and \$11.5 million in small business loans. Based on relative lending volumes, the bank's HMDA performance was given more weight when considering its overall performance within the assessment area.

Lending Activity:

FCB's lending levels reflect good responsiveness to the credit needs of the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (4.4%) and dollar volume (7.6%) is similar to the percentage of local deposits (5.1%) and bank branches (7.8%) in the assessment area.

During 2018 and 2019 the bank reported 80 HMDA, 65 small business, and seven small farm loans within this assessment area. According to 2019 aggregate data, FCB ranked 27th out of 223 reporters in HMDA lending with a 0.9% market share, and it ranked 13th out of 56 reporters in small business/small farm lending volume with a 2% market share.

Geographic Distribution:

There are no low-income census tracts within this assessment area. FCB's geographic distribution performance is considered poor for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Blacksburg-Christiansburg-Radford, VA MSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(15) Home Purchase				(2,402)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	74	3.1	16,087	3.4
Middle	13	86.7	2,432	74.3	1,606	67.5	281,683	60.3
Upper	2	13.3	843	25.7	701	29.4	169,327	36.3
	(17) Refinance				(1,244)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	18	1.4	4,434	1.8
Middle	15	88.2	2,359	84.7	844	67.8	146,301	60.6
Upper	2	11.8	427	15.3	382	30.8	90,854	37.6
	(2) Home Improvement				(167)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	1	0.6	200	1.9
Middle	1	50.0	73	41.7	116	69.5	7,107	68.3
Upper	1	50.0	102	58.3	50	29.9	3,104	29.8
	(2) Multi-Family				(34)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	2	5.9	13,134	12.4
Middle	1	50.0	466	27.2	27	79.4	58,394	55.0
Upper	1	50.0	1,247	72.8	5	14.7	34,631	32.6
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	95	2.5	33,855	4.1
Middle	30	83.3	5,330	67.1	2,593	67.1	493,485	59.3
Upper	6	16.7	2,619	32.9	1,138	29.5	297,916	35.8
NA*	0	0.0	0	0.0	38	0.9	6,496	0.8
Total	36	100.0	7,949	100.0	3,864	100.0	831,752	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase, refinance, home improvement, and multifamily lending are all considered poor.

This assessment contains no low- and only one moderate-income census tract. With only 1.1% of owner-occupied housing units and 2.5% of aggregate lending in the moderate-income census tract, demand for residential mortgage loans is limited. However, the bank report no (0%) residential mortgage loans in the moderate-income census tract. During 2019, its performance is considered poor, and its performance during 2018 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Blacksburg-Christiansburg-Radford, VA MSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	23	1.3	230	0.3
Middle	26	78.8	7,409	95.3	1,210	69.7	54,410	74.5
Upper	7	21.2	364	4.7	469	27.0	15,370	21.0
NA*	0	0.0	0	0.0	33	2.0	3,027	4.2
Total	33	100.0	7,773	100.0	1,735	100.0	73,037	100.0

*NA-Tracts without household or family income as applicable
Loans where the geographic location is unknown are excluded from this table.

As previously noted, the assessment area contains no low- and only one moderate-income census tract. With only 1.5% of area businesses and 1.3% of aggregate lending in the moderate-income census tract, demand for small business lending is limited. However, the bank reported originating no (0%) small business loans in the moderate-income census tract during 2019. The bank's performance is poor, and its performance during 2018 is similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is good for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered good. In reaching this conclusion, greater weight was placed on the bank's HMDA lending performance because of its larger dollar volume of lending.

Distribution of HMDA Loans by Income Level of Borrower

Blacksburg-Christiansburg-Radford, VA MSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	4	11.8	277	4.2	193	5.9	17,097	2.7
Moderate	5	14.7	444	6.7	628	19.0	77,563	12.4
Middle	5	14.7	696	10.5	783	23.7	125,519	20.1
Upper	20	58.8	5,212	78.6	1,693	51.4	404,649	64.8
Total	34	100.0	6,629	100.0	3,297	100.0	624,828	100.0
Unknown	2		1,320		567		206,924	

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

In 2019, the bank's level of lending to low-income borrowers (11.8%) lagged the percentage of low-income families within the assessment area (18.6%), but exceeded the percentage of aggregate lending to such borrowers (5.9%). FCB's lending to moderate-income borrowers (14.7%) lagged both the percentage of moderate-income families (18.3%) and the percentage of the aggregate lending levels (19%). The bank's performance during 2019 is considered good.

During 2018, FCB reported 37 HMDA home purchase, refinance, improvement, and multi-family loans for which borrower incomes were known totaling \$5.6 million. Of these loans, three (8.1%) totaling \$206,000 (3.6%), were to low-income borrowers, which lagged the percentage of low-income families (18.1%), but approximated the aggregate lending level (8.9%). The bank also originated eight loans (21.6%) totaling \$533,000 (9.4%) to moderate-income borrowers which exceeded the percentage of moderate-income families (18.6%), but lagged the aggregate lending level (24.8%). FCB's performance during 2018 is considered adequate.

Overall, the bank’s combined HMDA geographic lending distribution during 2018 and 2019 is considered good. In reaching this conclusion, more weight was placed on the bank’s performance during 2019 than 2018 because of the larger dollar volume of HMDA lending during 2019.

Distribution of Lending by Loan Amount and Size of Business

Blacksburg-Christiansburg-Radford, VA MSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	23	69.7	3,127	40.2	922	51.4	31,444	42.2
Over \$1 Million	10	30.3	4,646	59.8	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	17	51.5	646	8.3	1,656	92.3	23,955	32.1
\$100,001-\$250,000	5	15.2	749	9.6	66	3.7	11,084	14.9
\$250,001-\$1 Million	11	33.3	6,378	82.1	73	4.0	39,539	53.0
Total	33	100.0	7,773	100.0	1,795	100.0	74,578	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 91.1% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 51.4% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 60.1% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 69.7% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are reasonably available within the Blacksburg-Christiansburg-Radford, VA assessment area, and the bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank did not originate any community development loans within the assessment area. To the extent that the bank extended such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments than can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Blacksburg-Christiansburg-Radford, VA assessment area, the bank made charitable donations totaling \$2,350 to area non-profit organizations that provide community development services. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank's performance under the Service Test is considered poor overall within the Blacksburg-Christiansburg-Radford, VA assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees did not provide any community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. There are no low-income census tracts within the assessment area. Currently, the bank operates four branches within the assessment area. While none of the bank's branches are located in the moderate-income census tract, one of the branches is located within close proximity of that tract. According to recent demographic data, 3.8% of all area households are located in moderate-income census tracts. No branches have been opened or closed in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Despite the bank's capacity and reasonable availability of community development service opportunities, the bank did not participate in any community development service activities during the evaluation period.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN RICHMOND, VA ASSESSMENT AREA

The Richmond, VA assessment area is located in central Virginia and includes the counties of Chesterfield, Hanover, and Henrico and the City of Richmond, VA. The assessment area is a portion of the Richmond, VA MSA, but does not include the entire MSA. Within this assessment area, FCB operates four full-service branches. As of June 30, 2020, FCB ranked 14th out of 25 financial institutions in local deposit market share according to data compiled by the FDIC and held .2% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 962,115 and a median housing value of \$219,753. Within the assessment area, the owner-occupancy rate equals 58.9%, which is similar to rates in the Richmond, VA MSA (59.6%) and the Commonwealth of Virginia (59.2%). The percentage of area families living below the poverty level in the assessment area (8.5%) is similar to the rates in the Richmond, VA MSA (8.8%) and the Commonwealth of Virginia (8.2%). The median family income for the Richmond, VA MSA equaled \$83,200 and \$81,600 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Richmond, VA (Based on 2015 ACS Data and 2019 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	28	12.5	18,081	7.8	6,298	34.8	46,667	20.1
Moderate	49	21.9	42,395	18.3	5,878	13.9	40,344	17.4
Middle	74	33.0	83,998	36.2	5,469	6.5	46,111	19.9
Upper	71	31.7	87,677	37.7	1,958	2.2	99,056	42.6
NA	2	0.9	27	0.0	9	33.3		
Total	224	100.0	232,178	100.0	19,612	8.4	232,178	100.0
	Owner Occupied Units by Tract	Households						
		HHs by Tract		HHs < Poverty by Tract		HHs by HH Income		
	#	%	#	%	#	%	#	%
Low	10,616	4.5	33,418	9.1	11,493	34.4	83,045	22.7
Moderate	37,130	15.8	77,143	21.1	12,883	16.7	59,875	16.4
Middle	89,459	38.1	128,570	35.1	11,003	8.6	66,115	18.1
Upper	97,459	41.6	126,587	34.6	6,366	5.0	157,038	42.8
NA	51	0.0	355	0.1	229	64.5		
Total	234,715	100.0	366,073	100.0	41,974	11.5	366,073	100.0
	Total Businesses by Tract	Businesses by Tract and Revenue Size						
		Less than or = \$1 Million		Over \$1 Million		Revenue not Reported		
	#	%	#	%	#	%	#	%
Low	3,031	5.9	2,689	5.7	328	8.4	14	3.7
Moderate	10,314	20.2	9,258	19.8	946	24.2	110	29.2
Middle	16,984	33.2	15,598	33.3	1,300	33.3	86	22.8
Upper	20,660	40.4	19,188	40.9	1,307	33.5	165	43.8
NA	151	0.3	127	0.3	22	0.6	2	0.5
Total	51,140	100.0	46,860	100.0	3,903	100.0	377	100.0
Percentage of Total Businesses:				91.6		7.6		0.8

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consist of local government, area school systems, retail sales, and health care. The area’s major employers include U.S Department of Defense, Integrity Staffing Solutions, MCV Hospital, Bon Secours Health System, and Amazon Fulfillment Services. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Chesterfield County, VA	3.1%	2.8%	2.7%	4.8%
Hanover County, VA	2.8%	2.5%	2.4%	3.9%
Henrico County, VA	3.2%	2.9%	2.7%	5.2%
City of Richmond, VA	3.8%	3.4%	3.2%	7.1%
Richmond, VA MSA	3.4%	3.1%	2.9%	5.5%
Commonwealth of Virginia	3.2%	2.9%	2.8%	5.1%

In the three years prior to March 2021, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2021 are attributed, in large part, to the coronavirus pandemic.

A local economic development official was recently contacted to discuss the local economic conditions and credit needs of the community. The contact stated that there is a need for capital, especially for small minority and women-owned businesses. The individual contacted also stated that area financial institutions are generally meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA:

LENDING TEST

The institution's overall lending performance within this assessment area is considered adequate. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$8.1 million in HMDA and \$28.2 million in small business loans. Based on relative lending volumes, the bank's small business performance was given more weight when considering its overall performance within the assessment area.

Lending Activity:

FCB's lending levels reflect good responsiveness to assessment area credit needs during the evaluation period. The bank's lending activity within this assessment area during the evaluation period as measured by the number (5.1%) and dollar volume (9.6%) is similar to the percentage of local deposits (7.6%) and bank branches (7.8%) in the assessment area.

During 2018 and 2019 the bank reported 24 HMDA, 154 small business, and no small farm loans within this assessment area. According to 2019 aggregate data, FCB ranked 117th out of 531 reporters in HMDA lending with a <.1% market share, and the institution ranked 25th out of 124 reporters in small business/small farm lending volume with a 0.3% market share.

Geographic Distribution:

FCB's geographic distribution performance is considered excellent for both HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Census Tract

Richmond, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(7)				Home Purchase (24,154)			
Low	2	28.6	481	16.6	1,272	5.3	223,726	3.6
Moderate	1	14.3	280	9.7	3,679	15.2	682,717	10.8
Middle	3	42.9	1,835	63.3	8,554	35.4	1,920,264	30.5
Upper	1	14.2	301	10.4	10,641	44.1	3,466,232	55.1
	(3)				Refinance (16,760)			
Low	0	0.0	0	0.0	529	3.2	103,986	2.6
Moderate	0	0.0	0	0.0	2,176	13.0	373,512	9.2
Middle	2	66.7	205	67.2	6,023	35.9	1,246,470	30.8
Upper	1	33.3	100	32.8	8,032	47.9	2,320,192	57.4
	(0)				Home Improvement (1,957)			
Low	0	0.0	0	0.0	71	3.6	4,475	2.9
Moderate	0	0.0	0	0.0	216	11.0	13,750	8.8
Middle	0	0.0	0	0.0	635	32.4	41,857	26.8
Upper	0	0.0	0	0.0	1,035	53.0	96,070	61.5
	(1)				Multi-Family (127)			
Low	0	0.0	0	0.0	17	13.4	79,724	4.9
Moderate	0	0.0	0	0.0	51	40.2	711,424	43.8
Middle	0	0.0	0	0.0	28	22.0	315,243	19.4
Upper	1	100.0	200	100.0	31	24.4	517,941	31.9
	HMDA Totals							
Low	2	18.2	481	14.1	1,889	4.4	411,911	3.4
Moderate	1	9.1	280	8.2	6,122	14.2	1,781,403	14.7
Middle	5	45.5	2,040	60.0	15,240	35.4	3,523,834	29.1
Upper	3	27.2	601	17.7	19,739	46.0	6,400,435	52.7
NA*	0	0.0	0	0.0	11	0.0	6,998	0.1
Total	11	100.0	3,402	100.0	43,001	100.0	12,124,581	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on multi-family and improvement loans given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase is considered excellent, while its refinance and multifamily lending are considered very poor.

The bank's level of lending in low-income census tracts (18.2%) substantially exceeded both the percentage of owner-occupied housing units located in such areas (4.5%) and the aggregate lending level (4.4%). FCB's level of lending in moderate-income census tracts (9.1%) lagged both the percentage of owner-occupied housing units located in such areas (15.8%), and the aggregate lending level (14.2%). The bank's performance during 2019 is considered excellent in large part because of performance in home purchase lending to low-income borrowers. FCB's performance during 2018 is similar.

Distribution of Small Business Loans by Income Level of Census Tract

Richmond, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	9	12.2	1,791	13.3	1,204	5.6	62,777	7.6
Moderate	12	16.2	3,442	25.7	4,305	19.9	181,799	22.1
Middle	20	27.0	2,381	17.7	6,924	32.0	254,894	31.0
Upper	33	44.6	5,803	43.3	9,152	42.3	318,521	38.8
NA*	0	0.0	0	0.0	42	0.2	4,486	0.5
Total	74	100.0	13,417	100.0	21,627	100.0	822,477	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 small business lending in low-income census tracts (12.2%) substantially exceeded both the percentage of business located in such areas (5.9%) and the aggregate level of lending (5.6%). FCB’s level of lending in moderate-income census tracts (16.2%) lagged both the percentage of businesses in such areas (20.2%) and the aggregate lending level (19.9%). Overall, the bank’s performance is considered good.

During 2018, FCB extended 80 small business loans totaling \$14.8 million. Of these loans seven (8.8%) totaling \$1.5 million (9.9%) were extended in low-income census tracts. This level of lending exceeded both the percentage of businesses located in such areas (5.7%) and the aggregate level of lending (5.3%). Similarly, FCB’s level of lending in moderate-income census tracts 18 loans (22.5%) totaling \$2.6 million (17.8%) exceeded both the percentage of businesses in such areas (19.7%) and the aggregate lending level (17.8%). Overall, the bank’s performance during 2018 is considered excellent.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered excellent based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is poor for HMDA and good for small business lending. Overall, the bank's borrower distribution performance is considered adequate. In reaching this conclusion, greater weight was placed on the bank’s small business lending given its larger dollar volume in comparison to its HMDA lending performance.

Distribution of HMDA Loans by Income Level of Borrower

Richmond, VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	0	0.0	0	0.0	2,900	8.0	387,091	4.5
Moderate	0	0.0	0	0.0	8,682	24.0	1,520,420	17.5
Middle	1	33.3	266	35.5	8,836	24.4	1,946,963	22.4
Upper	2	66.7	484	64.5	15,796	43.6	4,842,931	55.6
Total	3	100.0	750	100.0	36,214	100.0	8,697,405	100.0
Unknown	8		2,652		6,787		3,427,176	

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

During 2019, a majority of FCB’s residential mortgage loans were to businesses or for business purposes. Borrower income cannot be reported for loans to businesses and is often not reported for business purpose loans. Of the residential mortgage loans FCB extended to consumers during 2019, none (0%) were to low- or moderate-income borrowers. However, demographic and aggregate data

indicate that there are opportunities to lend to low- and moderate-income borrowers, as 20.1% and 17.4% of area families are low- and moderate-income, respectively. Similarly, 8% and 24% of the aggregate lenders reported loans to low- and moderate-income borrowers, respectively. Given the bank's lack of lending to low- and moderate-income borrowers and opportunity to make such loans within the assessment area, FCB's performance is very poor.

During 2018, FCB extended five home purchase, refinancing, improvement, and multi-family loans totaling \$1.7 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, none (0%) were extended to low-income borrowers, which lagged both the percentage of low-income families (20.1%) and the aggregate lending level (10.7%). The bank originated one loan (20%) totaling \$42,000 (2.5%) to a moderate-income borrower which exceeded the percentage of moderate-income families in the assessment area (17.4%) but lagged the aggregate lending level (24.8%). FCB's performance during 2018 is considered poor.

Overall, the bank's combined HMDA borrower lending distribution during 2018 and 2019 is considered poor based upon the bank's relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Richmond, VA (2019)		Bank				Aggregate*			
by Revenue		#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	43	58.1	8,751	65.2	10,713	49.0	325,065	39.2	NA
Over \$1 Million	31	41.9	4,666	34.8	NA	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA	NA
by Loan Size		41	55.4	2,214	16.5	20,477	93.7	309,310	37.3
\$100,000 or less	17	23.0	3,192	23.8	620	2.8	108,550	13.1	49.6
\$100,001-\$250,000	16	21.6	8,011	59.7	763	3.5	411,779	49.6	100.0
\$250,001-\$1 Million	74	100.0	13,417	100.0	21,860	100.0	829,639	100.0	100.0
Total									

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

D&B data from 2019 indicates that 91.6% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 49% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 58.5% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 58.1% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank's small business lending performance is considered good, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are reasonably available within the Richmond, VA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

When considering its capacity and reasonably available opportunities, FCB made a low level of community development loans within the assessment area during the evaluation period when considering its capacity and available opportunities. During the evaluation period, the bank originated one community development loan totaling \$3.2 million within the assessment area.

INVESTMENT TEST

When considering FCB's local qualified investments along with its institutional and statewide qualified investments that can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Richmond, VA assessment area, the bank made charitable donations totaling \$6,500 to area non-profit organizations that provide community development services within this specific assessment area. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank's performance under the Service Test is considered poor within the Richmond, VA assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. However, the bank and its employees did not provide any community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates four branches within the assessment area. While none of the bank's branches are located in low- or moderate-income census tracts, two of the branches are located within close proximity to some of the moderate-income census tracts within the assessment area. According to recent demographic data, 9.1% and 21.1% of all area households are located in low- and moderate-income census tracts, respectively. No branches have been opened or closed in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. However, the bank and its employees did not provide or participate in any community development service activities within this assessment area during the review period.

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 **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution’s overall rating, are 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 statewide ratings.

Assessment Area	Lending Test	Investment Test	Service Test
Roanoke, VA	Below	Consistent	Below

NON-METROPOLITAN VIRGINIA STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN TAZEWELL, VA NONMSA ASSESSMENT AREA

The Tazewell, VA NonMSA assessment area is located in southwestern Virginia and includes all of the counties of Bland, Carroll, Dickenson, Grayson, Russell, Smyth, Tazewell, and Wythe and all of the City of Galax, Virginia. Within this assessment area, FCB operates eight full-service branches. As of June 30, 2020, FCB ranked 8th out of 18 financial institutions in local deposit market share according to data compiled by the FDIC and held 7.7% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 207,469 and a median housing value of \$96,581. Within the assessment area the owner-occupancy rate equals 60.6%, which is slightly higher than the rate for nonmetropolitan areas within Virginia (57.8%), but similar to the rate for the Commonwealth of Virginia (59.2%). The percentage of area families living below the poverty level in the assessment area (14.2%), exceeds both the rate for nonmetropolitan areas within Virginia (13.3%) and the Commonwealth of Virginia's rate (8.2%). The median family income for nonmetropolitan areas in Virginia equaled \$55,900 and \$56,100 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Tazewell, VA NonMSA (Based on 2015 ACS Data and 2019 D&B Information)								
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	13,244	23.3
Moderate	13	24.5	14,545	25.6	3,012	20.7	11,229	19.7
Middle	38	71.7	39,884	70.1	4,869	12.2	11,653	20.5
Upper	2	3.8	2,427	4.3	162	6.7	20,730	36.5
NA	0	0.0	0	0.0	0	0.0		
Total	53	100.0	56,856	100.0	8,043	14.1	56,856	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	23,351	27.6
Moderate	16,690	26.5	22,462	26.5	5,514	24.5	15,137	17.9
Middle	43,631	69.4	58,640	69.3	10,015	17.1	14,575	17.2
Upper	2,576	4.1	3,556	4.2	624	17.5	31,595	37.3
NA	0	0.0	0	0.0	0	0.0		
Total	62,897	100.0	84,658	100.0	16,153	19.1	84,658	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	1,507	22.0	1,370	21.9	115	22.6	22	23.2
Middle	4,920	71.8	4,498	72.0	354	69.5	68	71.6
Upper	426	6.2	381	6.1	40	7.9	5	5.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	6,853	100.0	6,249	100.0	509	100.0	95	100.0
	Percentage of Total Businesses:			91.2		7.4		1.4

*NA-Tracts without household or family income as applicable

During 2018 and 2019, the one middle-income census tract in the City of Galax, VA was considered distressed because of comparatively high poverty according to data published by the FFIEC. During 2018, all three of the middle-income census tracts in Dickenson County, VA were considered distressed because of both comparatively high poverty and unemployment. In 2019, the three middle-income tracts in Dickenson County, VA were considered distressed solely because of high poverty rates. During 2019, the four middle-income census tracts in Russell County, VA were considered distressed because of high poverty rates.

During 2018 and 2019, both of the middle-income census tracts in Bland County, VA, both of the middle-income census tracts in the Grayson County, VA, and all seven of the middle-income census tracts in Smyth County, VA were considered underserved. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers.

Employment opportunities within the assessment area are limited and primarily consist of local government and area school systems, healthcare, manufacturing, and retail. The area’s major employers include Carroll County School Board, Wal-Mart stores, Paramount Coal Company, Select A Service, Russell County School Board, Utility Trailer Manufacturing, Tazewell County School Board, and Clinch Valley Community Hospital. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Bland County, VA	3.4%	2.8%	3.4%	4.4%
Carroll County, VA	4%	3.8%	5.2%	5.4%
Dickenson County, VA	5.8%	4.9%	6.1%	6.9%
Grayson County, VA	3.6%	3.2%	4.6%	4.2%
Russell County, VA	4.8%	4.7%	4.8%	5.8%
Smyth County, VA	4.2%	3.8%	4%	5.5%
Tazewell County, VA	4.9%	4.5%	4.7%	6.3%
Wythe County, VA	4.1%	3.6%	4.2%	5.3%
City of Galax, VA	3.6%	3.2%	5.5%	5.2%
Commonwealth of Virginia	3.2%	2.9%	2.8%	5.1%

In the two years prior to March 2020, unemployment rates were generally stable in the counties that make up the assessment area. However, county-level unemployment rates were and currently are elevated in relation to the statewide rate for most counties within the assessment area. Increases in unemployment in 2021 are attributed, in large part, to the coronavirus pandemic.

An official from a community service organization was contacted recently to discuss local housing conditions and community credit needs. The contact noted the limited availability of affordable housing units and suggested that the local area would benefit from greater involvement by financial institutions via financial literacy programs. The contact also noted that area financial institutions are adequately meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area because of a limited infrastructure to support the provision of community development activities. While the community development infrastructure may be limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution’s overall lending performance within this assessment area is considered adequate. This conclusion is based primarily on FCB’s lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank’s market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$25.3 million in HMDA and \$23.4 million in small business loans. Based on relative lending volumes, the bank’s HMDA and small business performance was weighted similarly when considering its overall performance within the assessment area.

Lending Activity:

FCB’s lending levels, as indicated by the number of loans and market share percentages and rankings, reflect excellent responsiveness to credit needs within the assessment area. The bank’s lending activity within this assessment area during the evaluation period as measured by the number (14.2%) and dollar volume (13.2%) approximates the percentage of local deposits (12.6%) and percentage of bank branches (15.7%) in the assessment area.

During 2018 and 2019 the bank reported 199 HMDA, 267 small business, and 28 small farm loans within this assessment area. According to 2019 aggregate data, FCB ranked 11th out of 215 reporters in HMDA lending with a 2.7% market share, and it ranked 8th out of 67 reporters in small business/small farm lending volume with a 4.9% market share. FCB's large market share percentages and high rankings indicate that the bank is significant provider of credit within this rural assessment area.

Geographic Distribution:

FCB's geographic distribution performance is considered poor for HMDA and adequate for small business lending. Overall, the bank's geographic distribution performance is adequate based upon the relative performance levels and loan volume for each product. Because there are no low-income census tracts within this assessment area, the geographic distribution analysis focuses on the bank's lending in moderate-income census tracts.

Distribution of HMDA Loans by Income Level of Census Tract

Tazewell, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(47) Home Purchase				(1,987)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	10.6	297	5.4	443	22.3	50,351	20.1
Middle	33	70.2	3,795	69.1	1,423	71.6	182,621	73.0
Upper	9	19.2	1,403	25.5	121	6.1	17,261	6.9
	(44) Refinance				(1,118)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	15.9	865	15.8	250	22.4	29,852	22.1
Middle	32	72.7	3,448	63.1	828	74.1	98,497	73.0
Upper	5	11.4	1,153	21.1	40	3.5	6,608	4.9
	(1) Home Improvement				(182)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	38	20.9	2,010	21.8
Middle	1	100.0	60	100.0	138	75.8	6,865	74.4
Upper	0	0.0	0	0.0	6	3.3	353	3.8
	(3) Multi-Family				(23)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	33.3	225	24.8	8	34.8	2,688	31.4
Middle	2	66.7	681	75.2	14	60.9	5,121	59.8
Upper	0	0.0	0	0.0	1	4.3	760	8.8
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	13	13.7	1,387	11.6	739	22.3	84,901	21.1
Middle	68	71.6	7,984	66.9	2,403	72.6	293,104	72.7
Upper	14	14.7	2,556	21.5	168	5.1	24,982	6.2
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	95	100.0	11,927	100.0	3,310	100.0	402,987	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase is considered poor, refinance lending is considered adequate, its home improvement lending performance is very poor, and its multifamily lending is considered good.

FCB's overall level of lending in moderate-income census tracts (13.7%) lagged both the percentage of owner-occupied housing units located in such areas (26.5%), and the aggregate lending level (22.3%). The bank's 2019 performance is considered adequate.

During 2018, FCB reported 101 home purchase, refinance, improvement, and multi-family loans totaling \$13.2 million. Of these loans, 12 (11.9%) totaling \$1.2 million (9.4%) were extended in moderate-income census tracts, while 26.5% of owner-occupied housing units and 23.2% of aggregate loans were reported in such census tracts. The bank's 2018 lending performance is considered poor.

Overall, the bank's combined HMDA geographic lending distribution during 2018 and 2019 is considered poor based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Tazewell, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	21	16.3	1,763	15.9	557	23.4	17,241	17.0
Middle	81	62.8	7,727	69.8	1,668	70.0	78,394	77.3
Upper	27	20.9	1,581	14.3	159	6.6	5,744	5.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	129	100.0	11,071	100.0	2,384	100.0	101,379	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 small business lending in moderate-income census tracts (16.3%) lagged both the percentage of businesses in such areas (22%) and the aggregate lending level (23.4%). Overall, the bank's performance is considered adequate, and its 2018 lending performance is similar.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is adequate for HMDA and good for small business lending. Overall, the bank's borrower distribution performance is considered good, in large part, because of the strength of the bank's small business loan performance.

Distribution of HMDA Loans by Income Level of Borrower

Tazewell, VA NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	4	5.1	197	2.1	306	10.8	21,396	6.5
Moderate	18	22.8	1,161	12.3	627	22.1	56,137	17.0
Middle	19	24.1	1,878	19.9	791	27.9	86,020	26.0
Upper	38	48.0	6,178	65.7	1,110	39.2	167,028	50.5
Total	79	100.0	9,414	100.0	2,834	100.0	330,581	100.0
Unknown	16		2,513		476		72,406	

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

In 2019, the bank's level of lending to low-income borrowers (5.1%) lagged both the percentage of low-income families within the assessment area (23.3%) and the percentage of aggregate lending to such borrowers (10.8%). FCB's lending to moderate-income borrowers (22.8%) approximated the percentage of moderate-income families (19.7%) and the percentage of the aggregate lending levels (22.1%). The bank's performance during 2019 is considered adequate, and its 2018 lending performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Tazewell, VA NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	91	70.5	6,386	57.7	1,188	48.5	44,320	43.0
Over \$1 Million	38	29.5	4,685	42.3	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	101	78.3	3,717	33.6	2,251	91.8	37,601	36.4
\$100,001-\$250,000	18	14.0	2,453	22.2	114	4.6	18,824	18.2
\$250,001-\$1 Million	10	7.7	4,901	44.2	87	3.6	46,751	45.4
Total	129	100.0	11,071	100.0	2,452	100.0	103,176	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 91.2% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 48.5% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 59.3% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 70.5% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered good, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are limited within the Tazewell, VA NonMSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank originated two community development loans totaling \$3.2 million within the assessment area. One of the loans was originated as part of the bank’s PPP lending program. Given FCB’s amount of community development lending within this assessment area where such lending opportunities are limited, the bank is considered to have made an adequate level of community development loans.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments that can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Tazewell, VA assessment area, the bank made charitable donations totaling \$9,229 to area non-profit organizations that provide community development services within this specific assessment area. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank’s performance within the Tazewell, VA assessment area is considered good. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates eight branches within the assessment area. While none of the bank's branches are located in moderate-income census tracts, five of the branches are located within close proximity to some of those census tracts within the assessment area. In addition, two of the branches are located in distressed and/or underserved middle-income census tracts within the assessment area, and two more branches are located within a close proximity to additional distressed or underserved middle-income census tracts. According to recent demographic data, 26.5% of all area households are located in moderate-income census tracts.

FCB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income areas and people. FCB opened or acquired two branches and closed one branch within this assessment area during the evaluation period. All of FCB's branching activity took place middle-income census tracts, and one of the branches that was added is located in a middle-income census tract that is designated as being both distressed and underserved. This branch is also located adjacent to a moderate-income census tract.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

While the bank has sufficient capacity to participate in community development activities within this assessment area, the community development infrastructure is less developed given the rural characteristics of this assessment area, which contributes to community development service opportunities being limited. Within this context, the bank and its employees provide a good level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

The bank supported the following organizations that specifically benefitted the Tazewell, VA assessment area during the evaluation period.

- Tazewell Habitat for Humanity – A bank employee serves as the treasurer for this organization that provides affordable housing for low-and moderate-income individuals.
- Tazewell County Industrial Development Authority – A bank employee serves on the board of directors of the organization that promotes economic development and job creation within the assessment area.
- Downtown Wytheville – A bank employee serves as a board member for the organization which provided grants targeted to the development of small businesses.

NON-METROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NONMETROPOLITAN STATEWIDE ASSESSMENT AREA

The assessment area 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 **APPENDIX C** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Facts and data reviewed for the assessment area, including performance information, can be found in **APPENDIX C** of this evaluation. Conclusions regarding performance, which did not impact the institution’s overall rating, are 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 statewide ratings.

Assessment Area	Lending Test	Investment Test	Service Test
Emporia, VA NonMSA	Below	Consistent	Below

MULTISTATE METROPOLITAN AREA

CRA RATING FOR KINGSPORT-BRISTOL-JOHNSON CITY-TN-VA MULTISTATE AREA³:

The lending test is rated: HIGH SATISFACTORY
The investment test is rated: HIGH SATISFACTORY
The service test is rated: LOW SATISFACTORY

Major factors supporting the rating include:

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies by product within the multistate metropolitan area and is considered good overall.
- The bank's borrower distribution performance varies by product within the multistate metropolitan area and is considered excellent overall.
- While there are no low-income census tracts within this assessment area, the bank exhibits an excellent record of serving the credit needs of low-income individuals and an excellent record of serving the needs of very small businesses. Overall, the bank's performance is excellent.
- Although FCB makes use of flexible lending practices to meet area credit needs, the bank did not make any community development loans in the multistate metropolitan area during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within the multistate metropolitan assessment area. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- FCB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or people.
- The bank and its employees provide an adequate level of community development services within the multistate metropolitan area during the evaluation period.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, FCB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its multistate assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (September 10, 2018). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

³ This rating reflects performance within the multistate metropolitan area. The statewide evaluations are adjusted and do not reflect performance in the parts of those states contained in the multistate metropolitan area.

Ratings for the multistate area are based solely on the bank’s performance in this assessment area. The bank’s performance in other parts of the Commonwealth of Virginia that are not part of this multistate assessment area is not considered in the evaluation of this assessment area.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN KINGSPORT-BRISTOL-JOHNSON CITY, TN-VA ASSESSMENT AREA

The Kingsport-Bristol-Johnson City, TN-VA assessment area is located in southwestern Virginia and northeastern Tennessee, and includes all of Carter, Hawkins, Sullivan and Washington counties in Tennessee and all of Scott and Washington counties and the City of Bristol in Virginia. Carter and Washington counties (TN) are part of the Johnson City, TN MSA, while Hawkins and Sullivan counties (TN) and Scott and Washington counties (VA), and the City of Bristol are part of the Kingsport-Bristol, TN-VA MSA. While the assessment area includes contiguous whole cities and counties, it does not include all of either MSA. Together, these two MSAs comprise the Johnson City-Kingsport-Bristol, TN-VA Combined Statistical Area (CSA). Within this assessment area, FCB operates eight full-service branches.

As of June 30, 2020, FCB ranked 7th out of 27 financial institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC) and held 6.6% of the assessment area’s deposits (credit union deposits are not included).

According to 2015 ACS data, the assessment area has a population of 433,863 and a median housing value of \$126,117. Within the assessment area the owner-occupancy rate equals 62.6%, which exceeds the rate in the Johnson City, TN MSA (60.2%), but lags the rate in the Kingsport-Bristol, TN-VA MSA (64.5%). Additionally, the owner-occupancy rate for the assessment area exceeds the rate for the State of Tennessee (58.6%) and the Commonwealth of Virginia (59.2%). The percentage of area families living below the poverty level in the assessment area (13.4%) lags the rate in the Johnson City, TN MSA (14.7%), is similar to the rates in the Kingsport-Bristol, TN-VA MSA (13.3%), and the State of Tennessee (13.2%), but exceeds the rate in Commonwealth of Virginia’s rate (8.2%). The following table details median family income data for the Johnson City, TN MSA and the Kingsport-Bristol, TN-VA MSA during 2018 and 2019.

Assessment Area	Median Family Incomes	
	2018	2019
Johnson City, TN MSA	\$54,100	\$53,900
Kingsport-Bristol, TN-VA MSA	\$54,800	\$55,100

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

Assessment Area Demographics

Kingsport-Bristol-Johnson City, TN-VA (Based on 2015 ACS Data and 2019 D&B Information)								
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	25,048	20.9
Moderate	23	22.5	22,371	18.7	5,821	26.0	21,011	17.5
Middle	56	54.9	68,095	56.9	8,326	12.2	24,441	20.4
Upper	22	21.6	29,267	24.4	1,945	6.6	49,233	41.2
NA	1	1.0	0	0.0	0	0.0		
Total	102	100.0	119,733	100.0	16,092	13.4	119,733	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	44,065	24.1
Moderate	21,695	16.8	37,928	20.8	11,059	29.2	28,975	15.9
Middle	74,800	57.8	102,018	55.8	17,263	16.9	31,368	17.2
Upper	32,905	25.4	42,777	23.4	4,082	9.5	78,315	42.8
NA	0	0.0	0	0.0	0	0.0		
Total	129,400	100.0	182,723	100.0	32,404	17.7	182,723	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	3,561	22.1	3,186	21.7	340	26.3	35	24.1
Middle	8,037	49.9	7,371	50.3	582	44.9	84	57.9
Upper	4,473	27.8	4,082	27.8	365	28.2	26	18.0
NA	35	0.2	27	0.2	8	0.6	0	0.0
Total	16,106	100.0	14,666	100.0	1,295	100.0	145	100.0
	Percentage of Total Businesses:			91.1		8.0		0.9

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consists of local government, area school systems, retail, and health care industries. The area’s major employers include BAE Systems Ordnance Systems, Wal-Mart, Food City, Eastman Chemical Company, East Tennessee State University, and Wellmont Health Systems. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Carter County, TN	4.1%	4.2%	4.9%	5.7%
Hawkins County, TN	4%	4%	5.3%	5.5%
Sullivan County, TN	3.7%	3.8%	4.6%	5.6%
Washington County, TN	3.4%	3.4%	4.2%	4.6%
Scott County, VA	3.4%	3.4%	3.3%	4.5%
Washington County, VA	3.7%	3.6%	3.3%	4.6%
Bristol City, VA	4%	3.9%	3.7%	6%
Johnson City, TN MSA	3.7%	3.7%	4.6%	5.1%
Kingsport-Bristol, TN-VA MSA	3.8%	3.8%	4.3%	5.3%
State of Tennessee	3.5%	3.4%	4.3%	5.1%
Commonwealth of Virginia	3.2%	2.9%	2.8%	5.1%

In the two years prior to 2020, unemployment rates remained stable with a slightly downward trend. Sharp increases in unemployment in 2020 and 2021 are attributed, in large part, to the coronavirus pandemic.

An official from a community service organization was contacted recently to discuss local housing conditions and community credit needs. The contact noted the increased need of emergency financial assistance as a result of the coronavirus pandemic. The individual contacted suggested that community service organizations would benefit from donations from local financial institutions. The contact also indicated that area financial institutions are adequately meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN KINGSPORT-BRISOL-JOHNSON CITY, TN-VA ASSESSMENT AREA

LENDING TEST

The institution's overall lending performance within the multistate metropolitan assessment area is rated High Satisfactory. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$13.5 million in HMDA and \$18.7 million in small business loans. Accordingly, FCB's small business lending performance was generally given greater weight when evaluating overall performance.

Lending Activity:

Overall, FCB's level of lending activity is considered good. During 2018 and 2019, the bank reported 90 HMDA, 128 small business, and three small farm loans within this assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (6.3%) and dollar volume (8.6%) is less than the percentage of local deposits (20.4%) and the bank branches (15.7%) in the assessment area. However, the percentage of local deposits reflects the effect of FCB acquiring Highlands Community bank in January 2020, which more than tripled the amount of its deposits in the assessment area. The percentage of FCB's deposits (8.2%) prior to the acquisition of Highlands Community Bank approximates the percentage loan dollars (8.6%) within this assessment area.

According to 2019 aggregate loan data, the institution ranked 49th out of 335 reporters in HMDA lending volume with a .2% market share and 26th out of 76 reporters in small business/farm lending volume with a .7% market share.

FCB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts, or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP loan products and modifications resulting from the pandemic. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of FCB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FCB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic Distribution:

There are no low-income census tracts within this assessment area. FCB’s geographic distribution performance is considered excellent for HMDA and adequate for small business lending. When considering FCB’s combined performance, its geographic distribution is good overall.

Distribution of HMDA Loans by Income Level of Census Tract

Kingsport-Bristol-Johnson City, TN-VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(16)				Home Purchase (6,975)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	18.8	207	9.9	1,231	17.6	146,930	12.7
Middle	7	43.8	1,030	49.1	3,580	51.3	556,210	48.2
Upper	6	37.4	859	41.0	2,164	31.1	451,671	39.1
	(9)				Refinance (3,570)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	11.1	65	5.6	507	14.2	60,496	10.9
Middle	5	55.6	714	61.4	1,904	53.3	276,272	49.8
Upper	3	33.3	383	33.0	1,159	32.5	218,218	39.3
	(2)				Home Improvement (776)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	104	13.4	7,200	14.7
Middle	1	50.0	45	31.0	436	56.2	26,704	54.7
Upper	1	50.0	100	69.0	236	30.4	14,957	30.6
	(1)				Multi-Family (107)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	332	100.0	39	36.4	20,839	21.4
Middle	0	0.0	0	0.0	50	46.7	42,489	43.7
Upper	0	0.0	0	0.0	18	16.9	33,904	34.9
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	17.9	604	16.2	1,881	16.5	235,465	12.7
Middle	13	46.4	1,789	47.9	5,970	52.2	901,675	48.6
Upper	10	35.7	1,342	35.9	3,577	31.3	718,750	38.7
NA*	0	0.0	0	0.0	0	0.0	0	0.0
Total	28	100.0	3,735	100.0	11,428	100.0	1,855,890	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase is considered good, refinance lending is considered adequate, its home improvement lending performance is very poor, and its multifamily lending is considered excellent.

During 2019 overall, FCB's level of lending in moderate-income census tracts (17.9%) approximated both the percentage of owner-occupied housing units located in such areas (16.8%), and the aggregate lending level (16.5%). The bank's performance is considered good.

During 2018, FCB reported 61 home purchase, refinance, improvement, and multifamily loans totaling \$9.6 million. Of these loans, 14 (23%) totaling \$903,000 (9.4%) were extended in moderate-income census tracts, while 16.8% of owner-occupied housing units and 16% of aggregate loans were reported in such census tracts. The bank's 2018 lending performance is considered excellent.

Overall, the bank's combined HMDA geographic lending distribution during 2018 and 2019 is considered excellent based upon the relative performance levels and loan volume from each year.

Distribution of Small Business Loans by Income Level of Census Tract

Kingsport-Bristol-Johnson City, TN-VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	7	17.9	398	7.4	1,113	19.0	50,416	19.4
Middle	12	30.8	1,226	22.8	2,889	49.4	113,583	43.6
Upper	20	51.3	3,755	69.8	1,841	31.6	95,241	36.6
NA*	0	0.0	0	0.0	2	0.0	995	0.4
Total	39	100.0	5,379	100.0	5,845	100.0	260,235	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 small business lending in moderate-income census tracts (17.9%) lagged the percentage of businesses in such areas (22.1%) and approximated the aggregate lending level (19%). Overall, the bank's performance is considered good.

During 2018, FCB extended 89 small business loans totaling \$13.3 million. Of these loans 11 (12.4%) totaling \$1.7 million (12.6%) were extended in moderate-income census tracts. This level of lending lagged both the percentage of businesses located in such areas (21.9%) and the aggregate level of lending (19.5%). Overall, the bank's performance during 2018 is considered adequate.

Given the larger dollar volume of small business lending during 2018, the performance from 2018 is given more weight when considering the bank's performance during the combined two-year period. Overall, the bank's small business geographic distribution performance is considered adequate.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product and year, its borrower distribution performance is excellent for HMDA during 2018 and 2019. FCB's small business performance is good during 2018 and excellent during 2019. Overall, the bank's borrower distribution performance is considered excellent.

Distribution of HMDA Loans by Income Level of Borrower

Kingsport-Bristol-Johnson City, TN-VA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	6	25.0	828	23.9	699	7.0	48,586	3.2
Moderate	4	16.7	279	8.1	2,021	20.3	204,910	13.4
Middle	2	8.3	315	9.1	2,439	24.4	317,713	20.8
Upper	12	50.0	2,039	58.9	4,819	48.3	955,006	62.6
Total	24	100.0	3,461	100.0	9,978	100.0	1,526,215	100.0
Unknown	4		274		1,450		329,675	

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

In 2019, the bank’s level of lending to low-income borrowers (25%) exceeded both the percentage of low-income families within the assessment area (20.9%) and the percentage of aggregate lending to such borrowers (7%). FCB’s lending to moderate-income borrowers (16.7%) approximated the percentage of moderate-income families (17.5%) and lagged the aggregate lending percentage (20.3%). The bank’s performance during 2019 is considered excellent in part because of the strength of its performance in lending to low-income borrowers. FCB’s performance during 2018 is similar to its performance during 2019.

Distribution of Lending by Loan Amount and Size of Business

Kingsport-Bristol-Johnson City, TN-VA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	30	76.9	3,303	61.4	2,684	45.0	111,074	42.4
Over \$1 Million	9	23.1	2,076	38.6	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	26	66.7	1,212	22.5	5,410	90.8	92,389	35.3
\$100,001-\$250,000	6	15.4	1,174	21.8	300	5.0	48,336	18.4
\$250,001-\$1 Million	7	17.9	2,993	55.7	249	4.2	121,286	46.3
Total	39	100.0	5,379	100.0	5,959	100.0	262,011	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 91.1% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 45% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 56.9% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 76.9% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent.

During 2018, the bank reported originating 89 small business loans totaling \$13.3 million. Of these loans, 57 (64%) totaling \$9.1 million (68.6%) were extended to businesses with annual revenues of \$1 million or less. D&B data from 2018 indicates that 90.9% of all local businesses have revenues that do not exceed \$1 million per year. According to 2018 aggregate small business data, 51.8% of reported loans were to businesses with annual 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. The aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 58.9% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered good.

Based on relative lending volumes, the bank's 2018 small business performance was given more weight when considering its overall performance within the assessment area. Overall, the bank's small business performance is considered good.

Community Development Loans:

Community development lending opportunities are reasonably available within the Kingsport-Bristol-Johnson City, TN-VA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank did not originate any community development loans within the multistate metropolitan area. To the extent that the bank extended such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

The bank's performance under the Investment Test is rated High Satisfactory. During the evaluation period, and specific to the Kingsport-Bristol- Johnson City, TN-VA assessment area, the bank made charitable donations totaling \$13,103 to area non-profit organizations that provide community development services.

Other qualified investment activities in the Kingsport-Bristol- Johnson City, TN-VA assessment area include those activities previously described at the institutional level that benefited multiple statewide areas including the multistate assessment area. When considering FCB's local qualified investments along with its statewide and multistate qualified investments that can include this assessment area, the bank maintains a significant level of qualified community development investments and grants that exhibit good responsiveness to credit and community development needs within the assessment area.

SERVICE TEST

The bank's performance under the Service Test is considered Low Satisfactory within the Kingsport-Bristol- Johnson City, TN-VA assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. The bank and its employees provide an adequate level of community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates eight branches within the assessment area, and one (12.5%) branch is located in a moderate-income census tract. According to recent demographic data, 20.8% of all area households are located in moderate-income census tracts. There are no low-income census tracts within the assessment area.

FCB's record of opening and closing branches has improved the accessibility of its delivery systems, particularly to low- and moderate-income geographies and/or people. Since the previous evaluation, the bank acquired eight branch locations as the result of a bank acquisition and opened one new branch office. The bank also closed five branches within the assessment area since the previous examination. Of the branches that were opened, acquired, or closed, one of the branches that was acquired is located in a moderate-income census tract. All other branching activity (i.e. opening/acquiring and closing) took place in middle- and upper-income census tracts.

Automated Teller Machines (ATMs) are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Thursday and until 6:00 p.m. on Fridays. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Within this context, the bank and its employees provide an adequate level of community development service endeavors that support local organizations whose operations benefit low- and moderate-income people and/or promote small business development.

In addition to the previously described service activities that benefit multiple assessment areas, the bank supported the following organizations that specifically benefitted the Kingsport-Bristol- Johnson City, TN-VA assessment area during the evaluation period.

- Abingdon Redevelopment Housing Authority – A bank employee is a member of the board of commissioners of this entity that assists low-income residents with affordable housing.
- Washington County Virginia Chamber of Commerce – Several bank employees assisted with the annual “Business Challenge” which provides business grants and training to start-ups.
- Justin Foundation – A bank employee serves as the finance representative for the organization which provides scholarships based on financial need to students to promote the future success of youth.
- Gate City Frontier – a bank employee assisted with an economic revitalization program.

STATE OF NORTH CAROLINA

CRA RATING FOR NORTH CAROLINA: SATISFACTORY
The lending test is rated: LOW SATISFACTORY
The investment test is rated: HIGH SATISFACTORY
The service test is rated: NEEDS TO IMPROVE

Major factors supporting the rating include:

- Lending levels reflect good responsiveness to assessment area credit needs.
- The bank's geographic distribution performance varies within the State of North Carolina and is considered poor overall.
- The bank's borrower distribution performance varies by product within the State of North Carolina and is considered excellent overall.
- While there are no low-income census tracts within its North Carolina assessment areas, the bank exhibits an adequate record of serving the credit needs of low-income individuals and an excellent record of serving the needs of very small businesses. Overall, the bank's performance is adequate.
- The bank did not originate any community development loans in the State of North Carolina during the evaluation period.
- The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position.
- While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.
- Delivery systems and branch locations are reasonably accessible within its North Carolina assessment areas. Retail banking services do not vary in a way that inconveniences the bank's assessment areas, particularly low- and moderate-income areas and people.
- FCB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income people and areas.
- The bank and its employees did not provide any community development services within its North Carolina assessment areas during the evaluation period. The absence of such activity is a significant factor in the bank's overall Service Test rating for the state.

SCOPE OF EXAMINATION

HMDA and small business loan data from calendar years 2018 and 2019 were evaluated to reach conclusions about the bank's borrower and geographic distribution of lending. As previously noted, FCB's small farm lending performance was not evaluated because the bank originated a comparatively small volume of such loans within the assessment area during the evaluation period. The institution's efforts to serve its assessment area through qualified community development loans, investments, and services during the review period were also reviewed. Qualified community development loans and services are considered for activities since the previous evaluation (September 10, 2018). All qualified investments made during this same period and those outstanding as of the evaluation, regardless of when made, were also considered.

The bank delineated two assessment areas in North Carolina. On a combined basis, the North Carolina assessment areas account for 8.6% of the bank's combined 2018 and 2019 lending (dollar volume), 13.7% of branches, and 9.6% of deposit volume. Information about loan volume, branches, and deposits are included in **Appendix D** of this report.

Based upon relative size and concentration of banking activities, both assessment areas (i.e. Hickory-Lenoir-Morganton, NC and Surry, NC NonMSA) were identified as the bank's primary markets within North Carolina and were reviewed utilizing the FFIEC's full-scope evaluation procedures. Accordingly, the bank's performance ratings in North Carolina are based on its performance in these two assessment areas, as well as activities that take place at the statewide or institutional level. **Appendices A and B** include information about the evaluation's scope and statewide ratings.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN STATE OF NORTH CAROLINA

The bank operates seven branches within two assessment areas in the state. The assessment areas are located in the western portion of North Carolina. The seven branch offices account for \$236.5 million (9.6%) of the bank's total deposit base. As of June 30, 2020, FCB ranked 10th out of 21 financial institutions in local deposit market share according to data compiled by the FDIC and held 2.7% of the assessment area’s deposits.

According to 2015 ACS data, the bank's combined assessment areas within North Carolina have a population of 344,795, including 91,717 families. A majority of the families are middle- and upper-income (60.9%), while low- and moderate-income families comprise 20.7% and 18.5% of the total, respectively. Within these assessment areas, the owner-occupancy rate equals 60.6%, and 13.7% of families live below the poverty level. The following table details the median family income data for FCB’s assessment areas in North Carolina during 2018 and 2019.

Assessment Area	Median Family Incomes	
	2018	2019
Hickory-Lenoir-Morganton, NC MSA	\$55,000	\$55,100
North Carolina Statewide Nonmetropolitan Area	\$52,300	\$51,600

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN STATE OF NORTH CAROLINA

When considering the overall statewide ratings, performance within the two assessment areas subject to full-scope review were generally weighted by the dollar volume of lending and strength of performance within the assessment areas. The statewide performance conclusions also include activities taking place within the statewide or larger regional area that includes North Carolina.

LENDING TEST

Overall, the statewide lending test is rated Low Satisfactory. FCB’s volume of lending activity reflects a good level of responsiveness within the statewide area. Overall, the bank’s geographic distribution performance is considered poor, while the bank’s overall borrower distribution is considered excellent. Similarly, FCB generally exhibits an adequate record of serving the credit needs of low-income individuals and areas, as well as very small businesses. However, the bank did not report making any community development loans within North Carolina.

Lending Activity:

Overall, lending activity is considered good and is responsive to the credit needs of the assessment areas. FCB’s lending as measured by number and dollar volume within the assessment area (9.9% and 8.6%, respectively) is similar to the proportion of bank deposits (9.6%) within North Carolina, but lagged the percentage of area branches (13.7%).

According to 2019 aggregate data, FCB ranked 29th out of 359 reporters in HMDA lending with a 0.6% market share and 12th out of 81 reporters in small business/small farm lending volume with a 1.8% market share.

FCB offers a broad range of financial products and services to meet the credit needs of this assessment area. In addition, the bank offers loan products and participates in loan programs that have flexible criteria or are designed to meet specific credit needs that often benefit low- and moderate-income borrowers, aid in the revitalization or stabilization of low- and moderate-income and underserved middle-income census tracts, or promote economic development. Examples of such programs were described in the discussion of the overall institution and include PPP loan products and modifications resulting from the pandemic. While the bank is required to report some of these loans with its HMDA and/or CRA data, they are examples of FCB using flexible lending products to meet credit needs within its assessment areas and larger statewide areas. FCB makes use of innovative and/or flexible lending practices in serving assessment area credit needs.

Geographic and Borrower Distribution:

FCB's geographic (lending in low- and moderate-income census tracts) and borrower (lending to low- and moderate-income borrowers and businesses and farms with revenues of \$1 million or less) distribution performance varies by loan product and assessment area in North Carolina.

Within FCB's two full-scope assessment areas in North Carolina, its HMDA geographic distribution performance is adequate, and its small business performance is poor. The bank's overall statewide geographic distribution performance is considered poor. In reaching this conclusion, more weight was placed on the performance of small business lending because of the larger dollar volume of such lending within the state.

From a borrower distribution performance perspective, the bank's HMDA and small business performance is excellent within North Carolina. Overall, the bank's performance is considered excellent.

Community Development Loans:

Community development lending opportunities are reasonably available within the Hickory-Lenoir-Morganton-NC assessment area, but limited within the Surry, NC NonMSA assessment area. However, the bank faces no constraints relative to community development lending when considering its capacity and business strategy.

The bank did not originate any qualified community development loans within the State of North Carolina during the evaluation period.

INVESTMENT TEST

The institution's level of responding to community development needs through its investment activities is rated High Satisfactory within the State of North Carolina. The bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, FCB held qualified investments totaling \$1.9 million that specifically benefitted the bank's assessment areas located in North Carolina.

- Freddie Mac Mortgage-Backed Securities (\$772,882) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in North Carolina.

- Ginnie Mae Multifamily Housing Bonds (\$600,980) - The bonds are securitized by loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in North Carolina.
- Fannie Mae Mortgage-Backed Securities (\$603,394) - The securities are comprised of loans extended to low- and moderate-income borrowers and/or residents of low- and moderate-income census tracts located in North Carolina.
- Charitable donations totaling \$2,198 were made to entities that provide community development services to residents within the bank's combined North Carolina assessment areas.

As previously noted, the bank also maintains additional qualified investments that benefited multiple states including North Carolina. The presence of these institutional-level qualified investments, which benefit areas within North Carolina, coupled with the qualified investments that specifically benefit North Carolina assessment areas, was considered in reaching the overall conclusion.

SERVICE TEST

FCB's statewide performance for the Service Test is rated Needs to Improve. Delivery systems and branch locations are reasonably accessible within the bank's market area and to people of varying income levels. Currently, the bank operates seven branches within the State of North Carolina, and one (16.7%) branch is located in a moderate-income census tract. Within the statewide assessment areas, 14.7% of area households are located in moderate-income census tracts. There are no low-income census tracts within the assessment areas.

FCB's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income people and areas. The bank acquired two branch locations as the result of a bank acquisition. The bank has not closed any branch locations since the previous evaluation. The bank's branching activity took place in middle- and upper-income census tracts. Business hours and branch services offered do not vary in a way that inconveniences its assessment areas, particularly to low- and moderate-income areas and people.

As previously discussed, opportunities for providing community development services are reasonably available within the full-scope metropolitan assessment areas, but somewhat limited in the full-scope nonmetropolitan assessment area. However, the bank did not participate or provide any qualified community development services within the North Carolina assessment areas during the evaluation period. Given its capacity and resources, the absence of such activity by the bank is a driving factor in the bank's overall Service Test rating in North Carolina.

METROPOLITAN AREAS

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN HICKORY-LENOIR-MORGANTON, NC ASSESSMENT AREA

The Hickory-Lenoir-Morganton, NC assessment area is located in southwestern North Carolina and includes all of the counties of Alexander and Catawba, North Carolina. The assessment area is a portion of the Hickory-Lenoir-Morganton, NC MSA, but does not include the entire MSA. Within this assessment area, FCB operates one full-service branch. As of June 30, 2020, FCB ranked 8th out of 14 financial institutions in local deposit market share according to data compiled by the FDIC and held 1.7% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 191,768 and a median housing value of \$131,175. Within the assessment area the owner-occupancy rate equals 60.7%, which is similar to the rate in the Hickory-Lenoir-Morganton, NC MSA (60.2%), but exceeds the State of North Carolina (55.7%) rate. The percentage of area families living below the poverty level in the assessment area equals 11.8%, which lags the rates in the Hickory-Lenoir-Morganton, NC MSA (13.2%) and the State of North Carolina (12.8%). The median family income for the Hickory-Lenoir-Morganton, NC MSA equaled \$55,000 and \$55,100 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Hickory-Lenoir-Morganton, NC <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	9,223	18.6
Moderate	5	13.2	4,351	8.8	1,242	28.5	8,849	17.9
Middle	24	63.2	32,426	65.4	3,726	11.5	10,038	20.3
Upper	9	23.6	12,770	25.8	886	6.9	21,437	43.2
NA	0	0.0	0	0.0	0	0.0		
Total	38	100.0	49,547	100.0	5,854	11.8	49,547	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	14,743	20.4
Moderate	3,477	6.8	7,685	10.6	2,247	29.2	11,811	16.4
Middle	34,296	67.3	47,067	65.2	6,851	14.6	13,193	18.3
Upper	13,213	25.9	17,470	24.2	1,767	10.1	32,475	44.9
NA	0	0.0	0	0.0	0	0.0		
Total	50,986	100.0	72,222	100.0	10,865	15.0	72,222	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	1,335	16.6	1,100	15.3	227	29.5	8	8.7
Middle	4,180	52.0	3,777	52.6	355	46.1	48	52.2
Upper	2,526	31.4	2,302	32.1	188	24.4	36	39.1
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	8,041	100.0	7,179	100.0	770	100.0	92	100.0
Percentage of Total Businesses:				89.3		9.6		1.1

*NA-Tracts without household or family income as applicable

Employment opportunities within the assessment area primarily consist of local area school systems, retail, and manufacturing. The area’s major employers include Alexander County Schools, Craftmaster Furniture, The Mitchell Gold Company (retail sales), Catawba County Schools, Catawba Valley Medical Center, and Coming Optical Communications (fiber optic cable manufacture). Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Alexander County, NC	3.2%	3.3%	3.2%	3.9%
Catawba County, NC	3.6%	3.6%	3.7%	4.5%
Hickory-Lenoir-Morganton, NC MSA	3.7%	3.7%	3.7%	4.5%
State of North Carolina	4%	3.9%	4%	4.6%

Unemployment rates in the assessment area generally approximate the rates for the State of North Carolina and in the MSA. In the two years prior to 2020, unemployment rates were generally stable. Increases in unemployment in 2021 are attributed, in large part, to the coronavirus pandemic.

A local economic development official was contacted during the evaluation to discuss the local economic conditions and credit needs of the community. The contact suggested that area financial institutions can provide additional small business development support, specifically financing for small businesses, within the assessment area. He indicated that area financial institutions are reasonably serving the banking needs of the community.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are reasonably available within the bank's assessment area when considering performance context factors. The institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN THE ASSESSMENT AREA:

LENDING TEST

The institution's overall lending performance within this assessment area is considered adequate. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$8.5 million in HMDA and \$8.7 million in small business loans. Given the similar dollar volumes of each product, the performance of each product was similarly weighted when determining its overall performance within the assessment area.

Lending Activity:

FCB's lending levels reflect excellent responsiveness to the credit needs of the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (5%) and dollar volume (4.9%) exceeds the percentage of local deposits (2.7%) and the percentage of bank branches (2%) in the assessment area. In reaching this conclusion, more weight was placed on the bank's lending activity (i.e. percentage of loan dollars) in relation to its capacity (i.e. percentage of deposit dollars) within this assessment area than its market share percentages and rankings.

During 2018 and 2019 the bank reported 60 HMDA, 98 small business, and 17 small farm loans within this assessment area. According to 2019 aggregate data, FCB ranked 39th out of 312 reporters in HMDA lending with a .4% market share, and it ranked 14th out of 73 reporters in small business/small farm lending volume with a 1.4% market share.

Geographic Distribution:

FCB's geographic distribution performance is considered very poor for HMDA and poor for small business lending. Overall, the bank's geographic distribution performance is poor based upon the relative performance levels and loan volume for each product. Because there are no low-income census tracts within this assessment area, the geographic distribution performance focuses on the bank's lending in moderate-income census tracts.

Distribution of HMDA Loans by Income Level of Census Tract

Hickory-Lenoir-Morganton, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(12) Home Purchase				(3,384)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	8.3	26	1.6	270	8.0	29,759	4.6
Middle	9	75.0	1,191	74.2	1,934	57.2	318,636	49.3
Upper	2	16.7	389	24.2	1,180	34.8	297,464	46.1
	(11) Refinance				(2,168)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	103	4.8	10,965	2.8
Middle	9	81.8	1,063	82.9	1,296	59.8	194,976	49.8
Upper	2	18.2	220	17.1	769	35.4	185,932	47.4
	(1) Home Improvement				(315)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	26	8.3	1,613	6.9
Middle	1	100.0	77	100.0	160	50.8	9,337	39.7
Upper	0	0.0	0	0.0	129	40.9	12,594	53.4
	(0) Multi-Family				(24)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	4	16.7	10,883	13.9
Middle	0	0.0	0	0.0	13	54.2	48,829	62.4
Upper	0	0.0	0	0.0	7	29.1	18,503	23.7
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	4.2	26	0.9	403	6.8	53,220	4.7
Middle	19	79.2	2,331	78.6	3,403	57.8	571,778	50.2
Upper	4	16.6	609	20.5	2,085	35.4	514,493	45.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	24	100.0	2,966	100.0	5,891	100.0	1,139,491	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement and multi-family given the difference in overall volume. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase lending is considered good and its refinance, and home improvement lending performances are considered very poor.

Overall, FCB's level of lending in moderate-income census tracts (4.2%) lagged both the percentage of owner-occupied housing units located in such areas (6.8%) and the aggregate lending level (6.8%). The bank's 2019 performance is considered adequate. As indicated in the table, the bank's performance is based on a single loan in a moderate-income census tract.

During 2018, FCB reported 35 HMDA loans totaling \$5.5 million that were analyzed for lending performance. Of these loans, none (0%) were extended in moderate-income census tracts, while 6.8% of owner-occupied housing units and 5.7% of aggregate loans were reported in such areas. The bank's 2018 lending performance is considered very poor.

Overall, the bank's combined HMDA geographic lending distribution during 2018 and 2019 is considered very poor. In reaching this conclusion, more weight was placed on the bank's performance during 2018 because of the larger dollar volume of lending and the bank's performance during 2019 is based on one loan.

Distribution of Small Business Loans by Income Level of Census Tract

Hickory-Lenoir-Morganton, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	10.4	626	13.5	632	16.9	34,146	23.0
Middle	40	83.3	3,632	78.5	1,890	50.4	69,314	46.7
Upper	3	6.3	370	8.0	1,227	32.7	45,057	30.3
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	48	100.0	4,628	100.0	3,749	100.0	148,517	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 small business lending in moderate-income census tracts (10.4%) lagged both the percentage of businesses in such areas (16.6%) and the aggregate lending level (16.9%). Overall, the bank’s 2019 performance is considered adequate.

During 2018, FCB reported 50 small business loans totaling \$4 million in the assessment area. Of these loans, two (4%) totaling \$325,000 (8.1%) were extended in moderate-income census tracts, which lagged both the percentage of businesses located in such areas (16.2%) and the aggregate level of lending (17.2%). Overall, the bank’s performance during 2018 is considered very poor.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered poor based upon the relative performance levels and loan volume from each year.

Distribution by Borrower Income and Revenue Size of the Business:

When considering the bank's performance by loan product, its borrower distribution performance is good for HMDA and excellent for small business lending. Overall, the bank's borrower distribution performance is considered excellent. In reaching this overall conclusion, the performance of each product during each year is an important factor. During 2018, the bank’s HMDA performance is poor, while its performance during 2019 is excellent. The bank’s small business loan performance is excellent during 2018 and 2019.

Distribution of HMDA Loans by Income Level of Borrower

Hickory-Lenoir-Morganton, NC (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	HMDA Totals							
Low	2	11.1	185	8.2	257	5.2	21,247	2.4
Moderate	6	33.3	662	29.2	927	18.6	102,057	11.4
Middle	5	27.8	604	26.7	1,201	24.1	164,793	18.4
Upper	5	27.8	815	35.9	2,589	52.1	605,491	67.8
Total	18	100.0	2,266	100.0	4,974	100.0	893,588	100.0
Unknown	6		700		917		245,903	

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

In 2019, the bank’s level of lending to low-income borrowers (11.1%) lagged the percentage of low-income families within the assessment area (18.6%), but exceeded the percentage of aggregate lending to such borrowers (5.2%). FCB’s lending to moderate-income borrowers (33.3%) substantially exceeded both the percentage of moderate-income families (17.9%) and the percentage of the aggregate lending levels (18.6%). The bank’s performance during 2019 is considered excellent.

During 2018, FCB extended 27 home purchase, refinance, improvement, and multi-family loans totaling \$3.9 million to borrowers whose incomes were known that were analyzed for lending performance. Of these loans, one (3.7%) totaling \$76,000 (1.9%), was extended to a low-income borrower, which lagged both the percentage of low-income families (18.6%) and the aggregate lending level (5.9%). The bank originated three loans (11.1%) totaling \$135,000 (3.5%) to moderate-income borrowers, which lagged both the percentage of moderate-income families (17.9%) and the aggregate lending level (19.2%). FCB’s performance during 2018 is considered poor.

Overall, the bank’s combined HMDA borrower lending distribution during 2018 and 2019 is considered good based upon the bank’s relative performance in each year.

Distribution of Lending by Loan Amount and Size of Business

Hickory-Lenoir-Morganton, NC (2019)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	37	77.1	3,260	70.4	1,635	42.5	47,532	31.6
Over \$1 Million	11	22.9	1,368	29.6	NA	NA	NA	NA
<i>Unknown</i>	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$100,000 or less	33	68.8	1,340	29.0	3,563	92.7	51,634	34.3
\$100,001-\$250,000	13	27.1	2,324	50.2	149	3.9	26,403	17.6
\$250,001-\$1 Million	2	4.1	964	20.8	132	3.4	72,290	48.1
Total	48	100.0	4,628	100.0	3,844	100.0	150,327	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 89.3% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 42.5% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 53.6% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 77.1% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are reasonably available within the Hickory-Lenoir-Morganton, NC assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank did not originate any community development loans within the assessment area considering its capacity and available opportunities. To the extent that the bank extended such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments than can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Hickory-Lenoir-Morganton, NC assessment area, the bank made charitable donations totaling \$500 to area non-profit organizations that provide community development services within this specific assessment area. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank's performance under the Service Test is considered poor within the Hickory-Lenoir-Morganton, NC assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. However, the bank and its employees did not provide any community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. There are no low-income census tracts within the assessment area. Currently, the bank operates one branch located in a middle-income census tract within the assessment area. According to recent demographic data, 10.6% of all area households are located in moderate-income census tracts. No branches have been opened or closed in this assessment area since the previous evaluation.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Friday and until 6:00 p.m. on Thursday. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are reasonably available, and the bank has sufficient capacity to participate in such activities. Despite the bank's capacity and reasonably available opportunities within the assessment area, the bank did not provide or participate in any qualified community development services within the assessment area during the evaluation period.

NON-METROPOLITAN STATEWIDE AREA

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

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SURRY, NC NONMSA ASSESSMENT AREA

The Surry, NC NonMSA assessment area is located in northwestern North Carolina and includes all of the counties of Alleghany, Ashe, Avery, Surry, Watauga, and Wilkes, North Carolina. The bank added Ashe, Avery, and Watauga Counties to its assessment area following the acquisition of Highlands Union Bank (HUB). Within this assessment area, FCB operates six full-service branches. As of June 30, 2020, FCB ranked 8th out of 17 financial institutions in local deposit market share according to data compiled by the FDIC and held 3.4% of the assessment area's deposits.

According to 2015 ACS data, the assessment area has a population of 153,027 and a median housing value of \$116,967. The owner-occupancy rate within the assessment area equals 60.4%, which exceeds the rate for nonmetropolitan areas within North Carolina (52.8%) and the rate for the State of North Carolina (55.7%). The percentage of area families living below the poverty level in the assessment area (15.9%) is similar to the rate for nonmetropolitan areas within North Carolina (16.3%), but exceeds the State of North Carolina's rate (12.8%). The median family income for nonmetropolitan areas in North Carolina equaled \$52,300 and \$51,600 during 2018 and 2019, respectively. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Surry, NC NonMSA (Based on 2015 ACS Data and 2019 D&B Information)								
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	9,718	23.0
Moderate	9	23.1	8,100	19.2	1,852	22.9	8,072	19.1
Middle	25	64.1	30,077	71.3	4,458	14.8	8,127	19.3
Upper	5	12.8	3,993	9.5	389	9.7	16,253	38.6
NA	0	0.0	0	0.0	0	0.0		
Total	39	100.0	42,170	100.0	6,699	15.9	42,170	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	16,131	26.2
Moderate	7,790	17.3	11,953	19.4	3,208	26.8	10,078	16.4
Middle	33,004	73.1	43,611	71.0	8,543	19.6	11,221	18.3
Upper	4,327	9.6	5,895	9.6	827	14.0	24,029	39.1
NA	0	0.0	0	0.0	0	0.0		
Total	45,121	100.0	61,459	100.0	12,578	20.5	61,459	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	1,393	22.5	1,274	22.5	103	22.9	16	18.6
Middle	4,068	65.7	3,714	65.7	287	63.9	67	77.9
Upper	729	11.8	667	11.8	59	13.2	3	3.5
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	6,190	100.0	5,655	100.0	449	100.0	86	100.0
Percentage of Total Businesses:				91.4		7.3		1.3

*NA-Tracts without household or family income as applicable

During 2018 and 2019, both of the middle-income census tracts in Alleghany County, NC were considered distressed because of comparatively high poverty rates and were also considered underserved according to data published by the FFIEC. Underserved census tracts are typically located in rural communities that lack certain community services/infrastructure and are also distant from more urban population centers.

Employment opportunities primarily consist of local government and area school systems, healthcare, and retail. The area’s major employers include Alleghany County Board of Education, Appalachian State University, Appalachian Regional Healthcare System, Pike Electric, and Surry County Schools. Recent and historical periodic unemployment rates are included in the following table.

Geographic Area	March 2018	March 2019	March 2020	March 2021
Alleghany County, NC	5.1%	4.9%	5.6%	4.9%
Ashe County, NC*	3.9%	4.1%	4%	4%
Avery County, NC*	4.2%	4.2%	4.2%	4.1%
Surry County, NC	3.6%	3.6%	3.9%	4.2%
Watauga County, NC	3.8%	3.8%	3.5%	3.4%
Wilkes County, NC*	3.8%	4%	4.3%	4.4%
State of North Carolina	4%	3.9%	4%	4.6%

*Added to the assessment area in 2020.

In the two years prior to 2020, unemployment rates remained stable with a slightly downward trend. Increases in unemployment in 2021 are attributed, in large part, to the coronavirus pandemic.

An official from an affordable housing organization was contacted during the evaluation to discuss local housing conditions and community credit needs. The contact noted the limited availability of affordable housing units and suggested that the local area would benefit from greater involvement by financial institutions. The individual contacted also noted that area financial institutions are adequately meeting local credit needs.

Discussions with the community contact and reviews of the performance evaluations of other financial institutions having a local presence indicated that community development opportunities are limited within the bank's assessment area because of a limited infrastructure to support the provision of community development activities. While the community development infrastructure may be limited, the institution faces no significant constraints relative to its size and business strategy in making community development loans, investments, or supporting community services activities.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

LENDING TEST

The institution's overall lending performance within this assessment area is considered good. This conclusion is based primarily on FCB's lending activity, its geographic and borrower performance, and its level of community development lending, while taking into account the bank's market strategy, area demographic data, and aggregate loan data.

During 2018 and 2019, the bank originated \$6.3 million in HMDA and \$6.1 million in small business loans. Given the similar dollar volumes of each product, the performance of each product was weighted similarly when determining overall performance within the assessment area.

Lending Activity:

FCB's lending levels reflect adequate responsiveness to the credit needs of the assessment area. The bank's lending activity within this assessment area during the evaluation period as measured by the number (4.9%) and dollar volume (3.7%) lagged the percentage of local deposits (6.9%) and the percentage of bank branches (11.8%) in the assessment area.

During 2018 and 2019 the bank reported 59 HMDA, 88 small business, and 24 small farm loans within this assessment area. According to 2019 aggregate data, FCB ranked 19th out of 217 reporters in HMDA lending with a 0.9% market share and 11th out of 60 reporters in small business/small farm lending volume with a 2.5% market share.

Geographic Distribution:

FCB's geographic distribution performance is considered good for HMDA and adequate for small business lending. Overall, the bank's geographic distribution performance is adequate based upon the relative performance levels and loan volume for each product. Because the assessment area does not contain any low-income census tracts, the geographic distribution analysis focuses on the distribution of lending in moderate-income census tracts.

Distribution of HMDA Loans by Income Level of Census Tract

Surry, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(20) Home Purchase				(1,669)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	2	10.0	116	4.4	285	17.1	37,467	14.9
Middle	16	80.0	2,034	77.7	1,173	70.3	177,693	70.7
Upper	2	10.0	468	17.9	211	12.6	36,082	14.4
	(9) Refinance				(1,073)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	33.3	163	17.9	162	15.1	19,474	12.5
Middle	6	66.7	749	82.1	792	73.8	115,785	74.4
Upper	0	0.0	0	0.0	119	11.1	20,284	13.1
	(1) Home Improvement				(177)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	29	16.4	1,386	13.4
Middle	1	100.0	56	100.0	129	72.9	7,823	75.5
Upper	0	0.0	0	0.0	19	10.7	1,147	11.1
	(0) Multi-Family				(6)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	0	0.0	3	50.0	550	56.6
Middle	0	0.0	0	0.0	3	50.0	421	43.4
Upper	0	0.0	0	0.0	0	0.0	0	0.0
	HMDA Totals							
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	5	16.7	279	7.8	479	16.4	58,877	14.1
Middle	23	76.7	2,839	79.2	2,097	71.7	301,722	72.2
Upper	2	6.6	468	13.0	349	11.9	57,513	13.7
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	30	100.0	3,586	100.0	2,925	100.0	418,112	100.0

NA*-Tracts without household or family income as applicable

During 2019, the majority of HMDA loans reported by FCB and aggregate lenders were for home purchases and refinances, and more weight was placed on the performance of these loan types than on home improvement lending. Considering both demographic and aggregate proxies for demand, the bank's performance for its home purchase is considered poor, its refinance lending is considered excellent, and its home improvement lending is considered very poor.

FCB's overall level of lending in moderate-income census tracts (16.7%) approximated both the percentage of owner-occupied housing units located in such areas (17.3%), and the aggregate lending level (16.4%). The bank's 2019 performance is considered good, and its 2018 lending is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Surry, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	8	16.7	762	21.8	487	22.3	18,752	22.0
Middle	39	81.3	2,707	77.5	1,452	66.4	56,137	65.9
Upper	1	2.0	25	0.7	248	11.3	10,291	12.1
NA*	NA	NA	NA	NA	NA	NA	NA	NA
Total	48	100.0	3,494	100.0	2,187	100.0	85,180	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 small business lending in moderate-income census tracts (16.7%) lagged both the percentage of businesses in such areas (22.5%) and the aggregate lending level (22.3%). Overall, the bank’s 2019 performance is considered adequate.

During 2018, FCB extended 40 small business loans totaling \$2.6 million. Of these loans, five (12.5%) totaling \$891,000 (34.1%), were extended in moderate-income census tracts, which lagged both the percentage of businesses located in such areas (26%) and the aggregate lending level (23.3%). Overall, the bank’s performance during 2018 is considered poor.

Overall, the bank’s combined small business geographic lending distribution during 2018 and 2019 is considered adequate. In reaching this conclusion, more weight was placed on the bank’s performance during 2019 because of the larger dollar volume lending during that year.

Distribution by Borrower Income and Revenue Size of the Business:

FCB’s borrower distribution performance is excellent for its HMDA and small business lending.

Distribution of HMDA Loans by Income Level of Borrower

Surry, NC NonMSA (2019)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	1	3.4	34	1.0	148	5.7	9,880	2.7
Moderate	10	34.5	815	23.2	485	18.7	46,292	12.8
Middle	4	13.8	341	9.7	619	23.9	74,175	20.4
Upper	14	48.3	2,322	66.1	1,335	51.7	232,391	64.1
Total	29	100.0	3,512	100.0	2,587	100.0	362,738	100.0
Unknown	1		74		338		55,374	

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

In 2019, the bank’s level of lending to low-income borrowers (3.4%) lagged both the percentage of low-income families within the assessment area (23%) and the percentage of aggregate lending to such borrowers (5.7%). However, FCB’s lending to moderate-income borrowers (34.5%) substantially exceeded the percentage of moderate-income families (19.1%) and the percentage of the aggregate lending (18.7%). The bank’s performance during 2019 is considered excellent, and its 2018 lending performance is similar.

Distribution of Lending by Loan Amount and Size of Business

Surry, NC NonMSA (2019)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	39	81.3	2,184	62.5	973	43.0	29,469	34.1
Over \$1 Million	9	18.7	1,310	37.5	NA	NA	NA	NA
Unknown	0	0.0	0	0.0	NA	NA	NA	NA
by Loan Size								
\$100,000 or less	36	75.0	1,434	41.0	2,089	92.3	33,910	39.2
\$100,001-\$250,000	10	20.8	1,285	36.8	108	4.8	18,517	21.4
\$250,001-\$1 Million	2	4.2	775	22.2	67	2.9	33,975	39.4
Total	48	100.0	3,494	100.0	2,264	100.0	86,402	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 91.4% of all local businesses have revenues that do not exceed \$1 million per year. According to 2019 aggregate small business data, 43% of reported loans were to businesses with annual 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 performance context, the aggregate data was also considered after excluding certain specialty lenders. After excluding these lenders, 53% of the remaining reported small business loans were to businesses having revenues of \$1 million or less. FCB originated 81.3% of its small business loans within the assessment area to businesses with revenues of \$1 million or less. Given these contextual factors, the bank’s small business lending performance is considered excellent, and its 2018 lending performance is similar.

Community Development Lending:

Community development lending opportunities are limited within the Surry, NC NonMSA assessment area. The bank faces no constraints relative to community development lending when considering its capacity and business strategy.

During the evaluation period, the bank did not originate any community development loans within the assessment area considering its capacity and available opportunities. To the extent that the bank extended such loans, they were required to be reported as either HMDA or small business/small farm and could not also be reported as community development.

INVESTMENT TEST

When considering FCB’s local qualified investments along with its institutional and statewide qualified investments than can include this assessment area, the bank maintains and provides a significant level of qualified community development investments and grants, particularly those not routinely provided by private investors, and occasionally is in a leadership position. While the bank makes occasional use of innovative and/or complex investments to support community development initiatives, it exhibits good responsiveness to credit and community development needs through its investment activity.

During the evaluation period, and specific to the Surry, NC assessment area, the bank made charitable donations totaling \$1,698 to area non-profit organizations that provide community development services within this specific assessment area. Other qualified investments in this assessment area include those activities previously described at the institutional and statewide level.

SERVICE TEST

The bank's performance under the Service Test is considered poor within the Surry, NC NonMSA assessment area. Systems for delivering retail banking services are reasonably accessible to all portions of the assessment area. However, the bank and its employees did not provide any community development services within the assessment area.

Retail Services:

Delivery systems are reasonably accessible to individuals and census tracts of varying income levels in the assessment area. Currently, the bank operates six branches within the assessment area, and one (16.7%) branch is located in a moderate-income census tract. According to recent demographic data, 19.4% of all area households are located in moderate-income census tracts. There are no low-income census tracts within the assessment area.

The bank's record of opening and closing branches has not adversely affected the accessibility of its delivery systems, particularly to low- and moderate-income people and areas. Since its previous evaluation, FCB acquired two branch locations and has not closed any branches within this assessment area. The branching activity took place in middle- and upper-income census tracts.

ATMs are available and, through a network, provide customers with 24-hour nationwide access. Bank by-mail and internet-based banking services are also offered by the institution. In addition, the institution provides customers with 24-hour telephone access to their accounts through an automated system. Branch offices are generally open until 5:00 p.m. Monday through Friday and until 6:00 p.m. on Thursday. Bank services and branch hours do not vary in a way that inconveniences low- and moderate-income people or census tracts within the assessment area.

The institution also continues to offer no-cost checking products to individuals as well as low-cost checking to businesses within the community. These accounts can benefit all segments of the community, including low- and moderate-income individuals and small businesses.

Community Development Services:

Within this assessment area, community development opportunities are limited; however, the bank has the capacity to participate in the opportunities that exist. Despite the bank's capacity and opportunities that exist within the assessment area, the bank did not provide or participate in any qualified community development services within the assessment area during the evaluation period.

CRA APPENDIX A
SCOPE OF EXAMINATION

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED⁵	OTHER INFORMATION
Kingsport-Bristol-Johnson City, TN-VA	Full-Scope	None	Assessment area expanded in 2020 as a result of the HUB acquisition.
Beckley, WV MSA	Limited-Scope	None	
Mercer, WV NonMSA	Full-Scope	None	
Nicholas, WV NonMSA	Full-Scope	None	
Blacksburg-Christiansburg-Radford, VA	Full-Scope	None	Assessment area changed because of a change in the MSA delineations in 2019.
Richmond, VA	Full-Scope	None	
Roanoke, VA	Limited-Scope	None	The bank exited this assessment area in 2020.
Tazewell, VA NonMSA	Full-Scope	None	
Emporia, VA NonMSA	Limited-Scope	None	
Hickory-Lenoir-Morganton, NC	Full-Scope	None	
Surry, NC NonMSA	Full-Scope	None	Assessment area expanded in 2020 as a result of the HUB acquisition.
Knoxville, TN	Not Reviewed	None	The Tennessee assessment areas are not evaluated because the bank delineated these assessment areas in 2020, and the evaluation does not include 2020 HMDA or CRA data.
Sevier, TN NonMSA	Not Reviewed	None	

Bank branches were not visited because of the coronavirus pandemic.

⁵ There is a statutory requirement that the written evaluation of a multistate institution’s performance must list the individual branches examined in each state.

CRA APPENDIX B

Summary of State and Multistate MSA Ratings

State or Multistate Metropolitan Area Name	Lending Test Rating	Investment Test Rating	Service Test Rating	Overall Rating
Kingsport-Bristol-Johnson City, TN-VA	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
State of West Virginia	High Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
Commonwealth of Virginia	Low Satisfactory	High Satisfactory	Low Satisfactory	Satisfactory
State of North Carolina	Low Satisfactory	High Satisfactory	Needs to Improve	Satisfactory

CRA APPENDIX C

LIMITED REVIEW TABLES

Beckley, WV MSA Assessment Area

This assessment area is located in southern West Virginia and includes all of Fayette and Raleigh counties, WV. The assessment area includes no low-, three moderate-, 23 middle-, and three upper-income census tracts.

Performance Test Data for Beckley, WV MSA Assessment Area

LENDING TEST

Limited Review Lending Table

Beckley, WV MSA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(25)				(3)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	12.0	4.8	7.9	1	33.3	7.0	7.9
Middle	16	64.0	79.5	81.3	2	66.7	72.9	81.3
Upper	6	24.0	15.8	10.7	0	0.0	20.2	10.7
	Refinance				Multi-Family			
<i>Geographic</i>	(20)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	0	0.0	3.4	7.9	0	0.0	16.7	7.9
Middle	18	90.0	82.8	81.3	0	0.0	83.3	81.3
Upper	2	10.0	13.8	10.7	0	0.0	0.0	10.7
	HMDA Totals				Consumer			
<i>Geographic</i>	(48)				(NA)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	4	8.3	4.5	7.9	NA	NA	NA	NA
Middle	36	75.0	80.1	81.3	NA	NA	NA	NA
Upper	8	16.7	15.4	10.7	NA	NA	NA	NA
<i>Borrower</i>	(40)				(NA)			
Low	1	2.5	10.8	20.7	NA	NA	NA	NA
Moderate	8	20.0	23.2	18.1	NA	NA	NA	NA
Middle	5	12.5	28.3	20.7	NA	NA	NA	NA
Upper	26	65.0	37.7	40.5	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(56)				(2)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	5.4	3.9	4.7	0	0.0	6.7	0.0
Middle	45	80.4	81.7	85.4	1	50.0	88.9	95.7
Upper	8	14.3	14.4	9.8	1	50.0	4.4	4.3
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	42	75.0	39.7	88.5	2	100.0	24.4	98.6

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

During the evaluation period, the bank originated one community development loan totaling approximately \$664,000.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas.

SERVICE TEST

The bank operates two branches within this assessment area, of which one is located in a middle-income census tract and one is located in an upper-income census tract. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank did not participate in any community development service activities that specifically benefitted this assessment area.

Roanoke, VA Assessment Area

This assessment area was located in southwestern Virginia and included all of Roanoke County and the cities of Roanoke and Salem, VA. The assessment area included three low-, eight moderate-, 23 middle-, and 12 upper-income census tracts. The bank exited this market in September 2020.

Performance Test Data for Roanoke, VA Assessment Area

LENDING TEST

Limited Review Lending Table

Roanoke, VA (2019)								
Income Categories	Bank		Aggregate	Demographic	Bank		Aggregate	Demographic
	#	%	%	%	#	%	%	%
	Home Purchase				Home Improvement			
<i>Geographic</i>	(1)				(0)			
Low	0	0.0	1.2	2.1	0	0.0	1.5	2.1
Moderate	0	0.0	14.3	14.4	0	0.0	9.0	14.4
Middle	0	0.0	51.3	50.2	0	0.0	47.9	50.2
Upper	1	100.0	33.2	33.3	0	0.0	41.5	33.3
	Refinance				Multi-Family			
<i>Geographic</i>	(0)				(1)			
Low	0	0.0	1.0	2.1	1	100.0	14.3	2.1
Moderate	0	0.0	12.4	14.4	0	0.0	14.3	14.4
Middle	0	0.0	48.6	50.2	0	0.0	55.1	50.2
Upper	0	0.0	38.0	33.3	0	0.0	16.3	33.3
	HMDA Totals				Consumer			
<i>Geographic</i>	(2)				(NA)			
Low	1	50.0	1.2	2.1	NA	NA	NA	NA
Moderate	0	0.0	13.4	14.4	NA	NA	NA	NA
Middle	0	0.0	50.3	50.2	NA	NA	NA	NA
Upper	1	50.0	35.1	33.3	NA	NA	NA	NA
<i>Borrower</i>	(0)				(NA)			
Low	0	0.0	13.0	20.0	NA	NA	NA	NA
Moderate	0	0.0	26.3	17.4	NA	NA	NA	NA
Middle	0	0.0	26.5	22.5	NA	NA	NA	NA
Upper	0	0.0	34.2	40.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(9)				(0)			
Low	0	0.0	5.2	3.8	0	0.0	7.1	2.7
Moderate	0	0.0	10.5	11.5	0	0.0	14.3	6.7
Middle	8	88.9	53.5	54.5	0	0.0	21.4	32.0
Upper	1	11.1	30.8	30.2	0	0.0	57.1	58.7
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	5	55.6	47.1	90.4	0	0.0	64.3	96.0

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 originated one community development loan totaling approximately \$1.6 million during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas.

SERVICE TEST

The bank operated one branch located in a middle-income census tract in this assessment area. FCB closed this branch in September 2020.

Banking services offered in this assessment area were substantially the same as services available to other communities that the bank serves. The bank did not participate in any community development service activities that specifically benefitted this assessment area.

Emporia, VA NonMSA Assessment Area

This assessment area is located in southern Virginia and includes all of Greensville County and the city of Emporia, VA. The assessment area includes no low-, two moderate-, two middle-, and no upper-income census tracts. Both middle-income census tracts are distressed because of comparatively high poverty rates according to data published by the FFIEC. There is also one census tract that does not have an income designation.

Performance Test Data for Emporia, VA NonMSA Assessment Area

LENDING TEST

Limited Review Lending Table

Emporia, 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	0	0.0	36.8	44.9	0	0.0	8.3	44.9
Middle	0	0.0	63.2	55.1	0	0.0	91.7	55.1
Upper	NA	NA	NA	NA	NA	NA	NA	NA
	Refinance				Multi-Family			
<i>Geographic</i>	(1)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	1	100.0	36.5	44.9	0	0.0	33.3	44.9
Middle	0	0.0	63.5	55.1	0	0.0	66.7	55.1
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	1	100.0	34.8	44.9	NA	NA	NA	NA
Middle	0	0.0	65.2	55.1	NA	NA	NA	NA
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Borrower</i>	(1)				(NA)			
Low	0	0.0	8.8	31.7	NA	NA	NA	NA
Moderate	0	0.0	22.6	15.9	NA	NA	NA	NA
Middle	1	100.0	25.5	20.3	NA	NA	NA	NA
Upper	0	0.0	43.1	32.1	NA	NA	NA	NA
	Small Business				Small Farm			
<i>Geographic</i>	(3)				(0)			
Low	NA	NA	NA	NA	NA	NA	NA	NA
Moderate	3	100.0	47.2	46.6	0	0.0	45.0	46.9
Middle	0	0.0	52.8	53.4	0	0.0	55.0	53.1
Upper	NA	NA	NA	NA	NA	NA	NA	NA
<i>Revenue</i>								
Busn/ Farms with revenues <=\$1 M	3	100.0	59.5	92.8	0	0.0	80.0	100.0

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 did not originate any community development loans within this assessment area during the evaluation period.

INVESTMENT TEST

Investments benefiting this assessment area are limited to those previously discussed that benefit statewide and/or multistate areas. Additionally, the bank made charitable donations totaling \$250 that support community development activities within the assessment area.

SERVICE TEST

The bank operates one branch located in a middle-income census tract within this assessment area. No branch offices have been opened or closed since the bank's previous evaluation.

Banking services offered in this assessment area are substantially the same as services available to other communities that the bank serves. The bank did not participate in any community development service activities that specifically benefitted this assessment area.

CRA APPENDIX D

BRANCH, LOAN, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the distribution of FCB’s branch offices, along with deposit and loan volume. The deposit volume includes all bank deposits and is current as of June 30, 2020, while the loan volume includes all reported HMDA, small business, and small farm loans considered in the evaluation.

Assessment Area	Combined 2018 & 2019 Loan Volume				Full- Service Branches		Deposit Volume	
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
KINGSPORT-BRISTOL- JOHNSON CITY, TN-VA								
Kingsport- Bristol- Johnson City, TN VA	221	6.3%	\$32,296	8.6%	8	15.7%	\$503,023	20.4%
WEST VIRGINIA								
Mercer, WV NonMSA	906	26%	\$83,449	22.1%	11	21.6%	\$613,193	24.8%
Nicholas, WV NonMSA	903	25.9%	\$79,268	21%	6	11.8%	\$339,001	13.7%
Beckley, WV MSA	250	7.2%	\$28,232	7.5%	2	3.9%	\$96,685	3.9%
West Virginia TOTAL	2,059	59%	\$190,949	50.6%	19	37.3%	\$1,048,879	42.4%
VIRGINIA								
Blacksburg- Christiansburg- Radford, VA	152	4.4%	\$28,800	7.6%	4	7.8%	\$125,913	5.1%
Richmond, VA	178	5.1%	\$36,333	9.6%	4	7.8%	\$187,824	7.6%
Tazewell, VA NonMSA	494	14.2%	\$50,062	13.2%	8	15.7%	\$312,608	12.6%
Roanoke, VA	31	.9%	\$5,795	1.5%	0*	0%	\$5,680	.2%
Emporia, VA NonMSA	7	.2%	\$560	.2%	1	2%	\$50,904	2.1%
Virginia TOTAL	862	24.8%	\$121,550	32.1%	17	33.3%	\$682,929	27.6%
NORTH CAROLINA								
Hickory-Lenoir- Morganton, NC	175	5%	\$18,597	4.9%	1	2%	\$66,031	2.7%
Surry, NC NonMSA	171	4.9%	\$13,788	3.7%	6	11.8%	\$170,425	6.9%
North Carolina TOTAL	346	9.9%	\$ 32,385	8.6%	7	13.7%	\$236,456	9.6%
INSTITUTION TOTAL	3,488	100%	\$377,180	100%	51	100%	\$2,471,287	100%

* On September 30, 2020, FCB closed the one branch located in this assessment area.

CRA APPENDIX E

ASSESSMENT AREA AND BRANCHING ACTIVITY

The following tables reflect the current composition of the bank’s 13 delineated assessment areas and all branching activity since the previous evaluation (September 10, 2018).

Multistate Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts
Johnson City-Kingsport-Bristol, TN-VA	Carter County	TN	All
	Hawkins County*	TN	All
	Sullivan County	TN	All
	Washington County	TN	All
	Bristol City	VA	All
	Scott County	VA	All
	Washington County	VA	All
West Virginia Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts
Beckley, WV MSA	Fayette County	WV	All
	Raleigh County	WV	All
Mercer, WV NonMSA	Logan County	WV	All
	McDowell County	WV	All
	Mercer County	WV	All
	Monroe County	WV	All
	Summers County	WV	All
	Wyoming County	WV	All
Nicholas, WV NonMSA	Barbour County	WV	All
	Braxton County	WV	All
	Harrison County	WV	All
	Lewis County	WV	All
	Marion County	WV	All
	Nicholas County	WV	All
	Randolph County	WV	All
	Taylor County	WV	All
	Tucker County	WV	All
	Upshur County	WV	All
Webster County	WV	All	

*The bank expanded to include this county on January 1, 2020 as a result of the Highlands Union Bank acquisition.

Virginia Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts
Blacksburg-Christiansburg-Radford, VA	Floyd County**	VA	All
	Giles County	VA	All
	Montgomery County	VA	All
	Pulaski County	VA	All
	Radford City	VA	All
Emporia, VA NonMSA	Emporia City	VA	All
	Greensville County	VA	All
Richmond, VA	Chesterfield County	VA	All
	Hanover County	VA	All
	Henrico County	VA	All
	Richmond City	VA	All
Roanoke, VA***	Roanoke City	VA	All
	Roanoke County	VA	All
	Salem City	VA	All
Tazewell, VA NonMSA	Bland County	VA	All
	Carroll County	VA	All
	Dickenson County	VA	All
	Galax City	VA	All
	Grayson County	VA	All
	Russell County	VA	All
	Smyth County	VA	All
	Tazewell County	VA	All
Wythe County	VA	All	

** County removed from the assessment area delineation because of a change in the MSA in 2019.

*** FCB closed its branch in this assessment area in September 2020, and no longer delineates this as an assessment area.

North Carolina Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts
Hickory-Lenoir-Morganton, NC	Alexander County	NC	All
	Catawba County	NC	All
Surry, NC NonMSA	Alleghany County	NC	All
	Ashe County*	NC	All
	Avery County*	NC	All
	Surry County	NC	All
	Watauga County*	NC	All
	Wilkes County	NC	All
Tennessee Assessment Area Delineations			
Assessment Area Name	City/County	State	Census Tracts
Knoxville, TN	Knox County*	TN	All
Sevier, TN NonMSA	Sevier County*	TN	All

*The bank expanded to include these counties on January 1, 2020 as a result of the Highlands Union Bank acquisition.

BRANCHING ACTIVITY TABLE

Assessment Area	Date	Address	City	State	Tract Income Level	Open/Closed/ Acquired
Kingsport-Bristol-Johnson City, TN-VA*	1/1/2020	821 Commonwealth Ave	Bristol	VA	Moderate	Acquired
Kingsport-Bristol-Johnson City, TN-VA*	12/31/2020	340 West Main Street	Abingdon	VA	Middle	Closed
Kingsport-Bristol-Johnson City, TN-VA*	9/30/2020	2217 Highway 394	Blountville	TN	Middle	Closed
Kingsport-Bristol-Johnson City, TN-VA*	1/1/2020	506 Maple Street	Glade Spring	VA	Middle	Acquired
Kingsport-Bristol-Johnson City, TN-VA*	1/1/2020	999 Old Airport Road	Bristol	VA	Middle	Acquired
Kingsport-Bristol-Johnson City, TN-VA*	12/31/2020	164 Old Jonesboro Road	Abingdon	VA	Middle	Closed
Kingsport-Bristol-Johnson City, TN-VA*	9/30/2020	4020 Highway 66	Rogersville	TN	Middle	Closed
Kingsport-Bristol-Johnson City, TN-VA*	1/1/2020	24414 Maringo Road	Abingdon	VA	Upper	Acquired
Kingsport-Bristol-Johnson City, TN-VA	1/21/2019	102 Wall Street SW	Abingdon	VA	Middle	Closed
Kingsport-Bristol-Johnson City, TN-VA	1/22/2020	271 West Main Street	Abingdon	VA	Upper	Opened
Tazewell, VA NonMSA	2/18/2020	747 Fort Chiswell Road	Max Meadows	VA	Middle	Closed
Tazewell, VA NonMSA	2/19/2020	145 Ivanhoe Road	Max Meadows	VA	Middle	Opened
Tazewell, VA NonMSA*	1/1/2020	1425 North Main Street	Marion	VA	Middle	Acquired
Roanoke, VA	9/30/2020	1406 S. Colorado	Salem	VA	Middle	Closed
Surry, NC NonMSA*	1/1/2020	115 Main Street East	Banner Elk	NC	Middle	Acquired
Surry, NC NonMSA*	1/1/2020	1013 Highway 105	Boone	NC	Middle	Acquired
Knoxville, TN*	9/30/2020	7570 Mountain Grove Drive	Knoxville	TN	Middle	Closed
Sevier, TN NonMSA*	9/30/2020	1824 Veterans Boulevard	Sevierville	TN	Moderate	Closed
Sevier, TN NonMSA*	9/30/2020	113 Hardin Lane	Sevierville	TN	Middle	Closed

* Acquired from Highlands Union Bank

CRA APPENDIX F

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, Investment, and Service 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, Investment, and Service 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.