PUBLIC DISCLOSURE

August 1, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Alliance Bank Corporation

2712978

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Chantilly, Virginia 20151

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

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

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated: Satisfactory.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the bank's assessment area.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated to borrowers within the bank's assessment area.
- While varying by product, overall, the bank's distribution by borrower income and business revenue is considered poor.
- While varying by product, the geographic distribution of loans is considered reasonable overall.
- The bank's level of qualified community development loans, investments, and services demonstrates an adequate responsiveness to community development needs.
- The bank has not received any complaints regarding its CRA performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, 2009 and 2010 HMDA loans reported by the institution were reviewed. In addition, based on the number of new loans originated recently by the institution, small business loans were also identified as a primary credit product and considered in the evaluation. The analysis included all small business loans (63) originated by the institution in 2010. Qualified community development loans and services since the previous evaluation are considered under the community development test. All qualified investments outstanding as of the date of this evaluation were also considered regardless of when made.

DESCRIPTION OF INSTITUTION

Alliance Bank Corporation is headquartered in Chantilly, Virginia, and operates six branch offices within the Washington-Arlington-Alexandria, DC-MD-VA-WV Metropolitan Statistical Area (MSA). The bank is a wholly owned subsidiary of Alliance Bankshares Corporation, a single-bank holding company. As of June 30, 2011, Alliance Bank Corporation had total assets of $534.7 million, of which 59.1% were loans and 20.3% were securities. As of June 30, 2011, deposits totaled $412 million. From March 31, 2009, through June 30, 2011, bank assets, loans, and deposits have decreased by 12.8%, 13.1%, and 11.4% respectively. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio as of June 30, 2011, is depicted in the following table:

Composition of Loan Portfolio

Loan Type	6/30/2011	
	$(000s)	%
Secured by 1-4 Family dwellings	102,869	32.0
Multifamily	4,816	1.5
Construction and Development	39,546	12.3
Commercial & Industrial/ NonFarm NonResidential	170,450	53.0
Consumer Loans and Credit Cards	3,754	1.2
Agricultural Loans/ Farmland	0	0.0
All Other	54	0.0
Total	***321,489***	***100.0***

As reflected in the preceding table, the largest loan types within the bank's loan portfolio are commercial and industrial/nonfarm nonresidential loans and loans secured by one- to four-family dwellings. These two categories of lending account for the greatest volume of recent lending as well, and consequently led to the selection of HMDA and small business loans for inclusion in the evaluation. Many of the one- to four-family dwelling secured loans have been made for investment purposes; hence, measured in number and dollars, such lending has recently exceeded the volume of small business lending.

Alliance Bank Corporation received a Satisfactory rating at the previous CRA evaluation dated July 27, 2009. Based on its financial capacity, there are no significant limitations on the bank's ability to meet credit needs within the communities it serves.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, DC-MD-VA-WV MSA

Alliance Bank Corporation serves one assessment area which is located within the Washington-Arlington-Alexandria, DC-MD-VA-WV MSA. The bank serves the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park, as well as the counties of Arlington, Fairfax, Loudoun, and Prince William. Alliance Bank Corporation has not opened or closed any branch offices since the previous evaluation. According to recent (June 30, 2010) data from the Federal Deposit Insurance Corporation, Alliance Bank Corporation ranked 20th out of 50 institutions in the local deposit market share having .5% of deposits within the assessment area. Although a HMDA reporter, the bank has nominal market share in this highly competitive market.

According to data from the 2000 census, the area has a population of 1,815,197 and a median housing value of $203,741. The owner-occupancy rate for the assessment area is 63.4% which exceeds the owner-occupancy rate for the Commonwealth at 63.3% and the entire MSA at 58.8%. The area's poverty rate, 3.3%, is lower than that of the entire MSA (5.6%), as well as the Commonwealth (7%). The 2009 and 2010 median family incomes for the Washington Arlington-Alexandria, DC-MD-VA-WV MSA equaled $100,800 and $101,700, respectively. The assessment area contains four low-income, 41 moderate-income, 122 middle-income, and 162 upper-income census tracts. One census tract in the assessment area does not have an income level designation. The following table includes pertinent demographic data from the assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria DC-MD-VA-WV MSA								
Income Categories*	**Tract Distribution**		**Families by Tract**		**Families < Poverty as a % of Families by Tract**		**Families by Family Income**	
	#	%	#	%	#	%	#	%
Low	4	1.2	3,038	0.7	406	13.4	63,355	13.8
Moderate	41	12.4	53,038	11.6	4,742	8.9	68,109	14.8
Middle	122	37.0	171,256	37.3	6,414	3.7	98,527	21.5
Upper	162	49.1	231,396	50.4	3,681	1.6	228,737	49.9
NA	1	0.3	0	0.0	0	0.0		
Total	*330*	*100.0*	*458,728*	*100.0*	*15,243*	*3.3*	*458,728*	*100.0*
	Owner Occupied Units by Tract		**Households**					
			HHs by Tract		**HHs < Poverty by Tract**		**HHs by HH Income**	
	#	%	#	%	#	%	#	%
Low	627	0.1	6,138	0.9	734	12.0	96,172	14.1
Moderate	32,305	7.3	95,250	14.0	8,347	8.8	104,440	15.3
Middle	163,931	36.8	266,248	39.0	11,917	4.5	142,379	20.9
Upper	248,491	55.8	314,191	46.1	7,974	2.5	338,836	49.7
NA	0	0.0	0	0.0	0	0.0		
Total	*445,354*	*100.0*	*681,827*	*100.0*	*28,972*	*4.2*	*681,827*	*100.0*
	Total Businesses by Tract		**Businesses by Tract and Revenue Size**					
			Less than or = $1 Million		**Over $1 Million**		**Revenue not Reported**	
	#	%	#	%	#	%	#	%
Low	326	0.3	281	0.3	18	0.2	27	0.5
Moderate	8,409	7.6	7,466	7.6	547	7.1	396	7.9
Middle	40,703	36.7	35,788	36.4	2,938	38.1	1,977	39.4
Upper	61,507	55.4	54,684	55.7	4,202	54.5	2,621	52.2
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	*110,945*	*100.0*	*98,219*	*100.0*	*7,705*	*100.0*	*5,021*	*100.0*
Percentage of Total Businesses:				88.5		6.9		4.5

**NA-Tracts without household or family income as applicable*

The Federal government and businesses that provide services to the government account for a large portion of area employment. Professional/technical services, retail trade, and accommodation/food services are also leading employment industries within the bank's market. Quarterly unemployment rates since the previous CRA evaluation are presented by county, MSA, and state in the following table.

Unemployment Rate Trend									
Geographic Area	**2009**			**2010**				**2011**	
	June	**Sept**	**Dec**	**Mar**	**June**	**Sept**	**Dec**	**Mar**	**June**
City of Alexandria	5.1%	5.0%	4.9%	5.3%	4.7%	4.5%	4.4%	4.5%	4.8%
City of Arlington	4.7%	4.4%	4.3%	4.7%	4.2%	4.0%	3.7%	3.9%	3.9%
City of Fairfax	5.9%	5.7%	5.5%	6.0%	5.9%	5.1%	5.2%	5.1%	6.6%
Fairfax County	5.3%	5.0%	4.9%	5.4%	5.1%	4.6%	4.4%	4.5%	4.5%
City of Falls Church	7.3%	7.3%	6.8%	7.3%	6.2%	6.0%	5.7%	6.8%	7.9%
Loudon County	5.2%	5.0%	4.8%	5.3%	4.9%	4.5%	4.2%	4.3%	4.4%
City of Manassas	7.7%	7.1%	7.7%	8.5%	7.3%	7.1%	6.5%	6.6%	6.2%
City of Manassas Park	6.4%	5.6%	6.1%	6.7%	6.1%	6.0%	5.9%	5.6%	5.0%
Prince William County	5.9%	5.7%	5.8%	6.4%	5.8%	5.4%	5.3%	5.4%	5.3%
Washington-Arlington-Alexandria MSA	5.5%	5.2%	5.2%	5.7%	5.3%	4.8%	4.7%	4.8%	4.8%
Commonwealth of Virginia	7.2%	6.9%	7.0%	7.4%	7.0%	6.5%	6.4%	6.3%	6.3%

As indicated by the table, overall, unemployment rates for the localities and the Commonwealth of Virginia have generally declined since the previous evaluation. Though rates in most localities within the assessment area had risen to higher levels during the early stages of the economic recession, employment opportunities are currently improving as indicated by the decreasing unemployment rate trend in the most recent quarters.

A local housing authority official was contacted during the evaluation to further assist in evaluating the bank's CRA performance. The contact described the economic conditions in the area as being difficult for those at the lower end of the income scale. The contact mentioned the need for available affordable housing, especially with the downturn in the overall economy. Rental costs have started to increase making it difficult for individuals to acquire affordable housing. The contact expressed a need for more banks to participate in first-time home buyers programs. Also, in the opinion of the contact, while financial institutions are lending, the currently weak economy has made it difficult for many small businesses to qualify for financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

To evaluate the bank's lending performance, HMDA and small business lending activity was analyzed. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. Aggregate data used as a proxy for the bank's HMDA lending include all activity reported by lenders subject to reporting HMDA data that originated and/or purchased such loans within the bank's assessment area. Similarly, the aggregate data used as a proxy for the bank's small business lending includes all lenders subject to reporting small business data. The bank is not subject to CRA reporting requirements; therefore, the bank's small business lending activity is not included in the aggregate data. Demographic data is from the 2000 census, D&B data is from 2010, HMDA aggregate data is from calendar year 2009 (as the data from 2010 is not yet publicly available), and small business aggregate data is from 2010.

Primary consideration is given to the number (and corresponding percentage) of loans when assessing lending performance for specific individual loan types. When combining multiple loan products to arrive at an overall conclusion, the level of performance of each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation. All conclusions also take into consideration relevant performance context factors.

While HMDA loan data from calendar years 2009 and 2010 was fully analyzed and considered in the evaluation, only bank HMDA loan data from 2009 is presented in the following distribution tables. In instances where HMDA loan performance during 2010 varies significantly from performance in 2009, such variances and the corresponding impact on the overall performance are discussed.

Since the analysis includes HMDA data from 2009 and 2010 and only small business loans from 2010, understanding the relative size of the bank's HMDA and small business lending is an important performance context factor. During 2010, the bank originated approximately $25.1 million in HMDA loans within the assessment area. During the same time period, the bank originated a smaller dollar volume of small business loans within the assessment area ($9 million). Accordingly, more weight is given to the bank's HMDA loan performance in the analysis.

Overall, the bank's lending test performance is rated satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in assessment area, and both borrower and geographic lending distribution performances. Typically, the geographic and borrower distribution analyses are weighted equally in determining overall performance; however, the borrower distribution of the bank’s HMDA lending included loans where only 19.5% (51/262) of the borrowers’ incomes were known. As previously noted, though a significant percentage of the bank’s lending consists of loans secured by one- to four-family residential property, much of lending is secured by investment properties rather than owner occupied properties, as evidenced by a large number of non-owner occupied HMDA loans reflected in the bank’s 2009 and 2010 data. The presence of such a significant number of non-owner occupied investment properties in the bank’s HMDA data limits the significance of the conclusions that could be drawn from analyzing the borrower distribution of these data, particularly given that for the aggregate data in 2009, borrower income was known for 83.8% of reported loans. Given these performance context factors, greater weight was given to the bank’s geographic lending distribution in the overall evaluation of bank lending.

The review of the bank’s community development activities is also rated satisfactory. This conclusion is based on the number and amount of community development loans, the amount of qualified investments, the extent to which the bank provides community development services, and its responsiveness to identified community development lending, investment, and service needs.

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

Loan-To-Deposit Ratio

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. The bank's loan-to-deposit ratio as of June 30, 2011, equaled 76.6 % and averaged 75.2% for the eight-quarter period ending June 30, 2011. The quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of Virginia and of similar asset size to Alliance Bank Corporation ranged from 81.5% to 87% for an eight-quarter period ending June 30, 2011. As previously noted, since March 31, 2009, bank assets, loans, and deposits have all decreased. The bank's ratio is considered reasonable given its financial condition, size, branch locations, and local credit needs.

Lending In Assessment Area

Alliance Bank's HMDA lending activity during 2009 and 2010 as well as small business loans extended in 2010 are represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Purchase	201	91.0	40,588	92.0	20	9.0	3,546	8.0
Home Improvement	5	100.0	1,252	100.0	0	0.0	0	0.0
Multi-Family Housing	5	100.0	2,000	100.0	0	0.0	0	0.0
Refinancing	51	81.0	14,765	85.9	12	19.0	2,419	14.1
Total HMDA related	***262***	***89.1***	***58,605***	***90.8***	***32***	***10.9***	***5,965***	***9.2***
Small Business*	53	84.1	9,013	76.2	10	15.9	2,821	23.8
TOTAL LOANS	***315***	***88.2***	***67,618***	***88.5***	***42***	***11.8***	***8,786***	***11.5***

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

As illustrated in the preceding table, overall, a substantial majority of the number (88.2%) and dollar amount (88.5%) of loans during the review period were extended to residents and businesses in the bank's assessment area. Overall, the institution's level of lending within its assessment areas is considered highly responsive to community credit needs.

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

The bank reported a total of 156 HMDA loans in 2009 within the assessment area, of which 112 did not contain income information and are not included in the analysis. As previously indicated, such information indicates that the majority of the loans reported are for investment purposes, and therefore, personal income data would not have been collected or relied upon.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria DC-MD-VA-WV MSA (2009)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
		(8)		Home Purchase		(53,721)		
Low	0	0.0	0	0.0	6,253	11.6	931,053	5.4
Moderate	0	0.0	0	0.0	12,719	23.7	2,912,637	16.9
		(33)		Refinance		(76,088)		
Low	1	3.0	153	1.5	3,281	4.3	568,332	2.3
Moderate	4	12.1	1,014	9.9	9,927	13.0	2,261,751	9.1
		(3)		Home Improvement		(2,582)		
Low	0	0.0	0	0.0	160	6.2	11,947	2.7
Moderate	0	0.0	0	0.0	361	14.0	47,316	10.5
		(0)		Multi-Family		(0)		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	0	0.0	0	0.0
				HMDA Totals				
Low	1	2.3	153	1.1	9,694	7.3	1,511,332	3.5
Moderate	4	9.1	1,014	7.3	23,007	17.4	5,221,704	12.2
Middle	12	27.3	3,694	26.4	35,500	26.8	10,502,444	24.6
Upper	27	61.4	9,123	65.2	64,190	48.5	25,436,446	59.6
Total	***44***	***100.0***	***13,984***	***100.0***	***132,391***	***100.0***	***42,671,926***	***100.0***
Unknown	*112*		*19,543*		*25,600*		*8,692,088*	

( ) represents the total number of bank loans for the specific Loan Purpose where income is known
Percentage's (%) are calculated on all loans where incomes are known

During 2009, based on lending where borrower income was known, refinance loans were extended most frequently by the bank and aggregate reporters. Consequently, the bank's refinance performance is given more weight when considering its overall performance. When considering Alliance Bank Corporation's performance by loan type, the bank's refinance lending is considered reasonable. However, the bank did not extend any home purchase or home improvement loans to low- and moderate-income borrowers during 2009. While the volume of lending for home improvement and home purchase loans is less than refinance loans, this level of lending is considered poor for both products.

When considering the bank's overall performance during 2009, HMDA lending to low-income borrowers (2.3%) considerably lags the proportion of low-income families within the assessment area (13.8%) and the aggregate lending (7.3%) to such borrowers. Lending to moderate-income borrowers (9.1%) also lags the proportion of moderate-income families (14.8%) and is significantly below the aggregate lending level (17.4%). In 2010, the bank did not extend any loans to low or moderate-income borrowers. While such a small volume of HMDA lending by the bank with known incomes limits the usefulness of the data, overall, when considering area demographics and aggregate data as elements of performance context, the bank's borrower distribution of HMDA lending is nonetheless considered poor.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria DC-MD-VA-WV MSA (2010)								
	Bank				**Aggregate***			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	26	49.1	5,375	59.6	9,286	27.6	484,380	35.7
Over $1 Million	27	50.9	3,638	40.4	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	34	64.2	1,362	15.1	31,071	92.3	363,803	26.8
$100,001-$250,000	9	17.0	1,690	18.8	1,163	3.5	215,430	15.9
$250,001-$1 Million	10	18.9	5,961	66.1	1,438	4.3	777,247	57.3
Total	***53***	***100.0***	***9,013***	***100.0***	***33,672***	***100.0***	***1,356,480***	***100.0***

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

According to D&B data, 88.5 % of businesses reporting revenue data within the assessment area had revenues of $l million or less. Conversely, 27.6% of the 2010 small business aggregate loans were to businesses having annual revenues of $1 million or less. The remaining portion of loans either had annual revenues greater than $1 million or the revenue data was not known.

Within the bank's market area, a large volume of small business lending activity was reported by specialized lenders who often originate small business loans in the form of credit cards. These loans 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 produces 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, data for traditional bank reporters, that excludes large credit card reporters, was also considered. For this group, the data show that 51.8% of reported small business loans were to businesses having revenues of $1 million or less. During 2010, 49.1% of Alliance Bank Corporation's small business loans were extended to businesses with annual revenues of $1 million or less. The bank's level of lending to small businesses is considered reasonable.

Overall, the bank's distribution by borrower income level and business revenue is considered poor given area demographic and aggregate data. In reaching this conclusion, more weight was placed on the bank's HMDA lending performance given its larger dollar volume within the evaluation.

Geographic Distribution of Loans

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria DC-MD-VA-WV MSA (2009)								
Income Categories	**Bank**				**Aggregate**			
	#	**%**	**$(000s)**	**% $**	**#**	**%**	**$(000s)**	**% $**
		(104)		**Home Purchase**		**(60,974)**		
Low	0	0.0	0	0.0	106	0.2	27,623	0.1
Moderate	5	4.8	527	2.9	6,109	10.0	1,418,138	7.4
		(43)		**Refinance**		**(94,279)**		
Low	0	0.0	0	0.0	159	0.2	46,531	0.2
Moderate	1	2.3	219	1.8	5,009	5.3	1,331,398	4.3
		(4)		**Home Improvement**		**(2,683)**		
Low	0	0.0	0	0.0	6	0.2	1,429	0.3
Moderate	1	25.0	70	6.1	133	5.0	17,579	3.8
		(5)		**Multi-Family**		**(55)**		
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	0	0.0	0	0.0	7	12.7	221,497	22.1
				HMDA Totals				
Low	0	0.0	0	0.0	271	0.2	75,583	0.1
Moderate	7	4.5	816	2.4	11,258	7.1	2,988,612	5.8
Middle	71	45.5	11,997	35.8	52,161	33.0	14,362,582	28.0
Upper	78	50.0	20,714	61.8	94,297	59.7	33,935,954	66.1
*NA**	*0*	*0.0*	*0*	*0.0*	*4*	*0.0*	*1,283*	*0.0*
Total	***156***	***100.0***	***33,527***	***100.0***	***157,991***	***100.0***	***51,364,014***	***100.0***

**NA-Tracts without household or family income as applicable*
( ) represents the total number of bank loans for the specific Loan Purpose
Loans where the geographic location is unknown are excluded from this table.

While Alliance Bank Corporation did not originate any HMDA loans in the low-income census tracts, few lending opportunities exist as less than .1% of owner-occupied housing units are located in such tracts. The data indicate that the majority of residents in low-income tracts are renting property. Aggregate lending further reinforces the limited lending opportunities in the low-income census tracts. The bank's lending to residents located in moderate-income tracts is below both the number of owner-occupied housing units located in such tracts as well as aggregate lending in such tracts. Nonetheless, the bank's 2009 HMDA lending in low- and moderate-income census tracts is considered marginally reasonable.

The bank's 2010 lending in low-and moderate-income census tracts (.9% and 8.5%, respectively) was much higher than 2009 lending in such tracts and is considered excellent. When considering area demographics and aggregate data, the bank's overall geographic distribution of HMDA loans is considered reasonable. In reaching this conclusion, more weight was placed on the bank's 2009 lending due to greater loan volume during that year.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria DC-MD-VA-WV MSA (2010)								
Income Categories	**Bank**				**Aggregate**			
	#	**%**	**$(000s)**	**% $**	**#**	**%**	**$(000s)**	**% $**
Low	0	0.0	0	0.0	58	0.2	1,249	0.1
Moderate	0	0.0	0	0.0	2,115	6.4	75,358	5.6
Middle	13	24.5	2,966	32.9	11,328	34.1	485,326	35.9
Upper	40	75.5	6,047	67.1	19,756	59.4	788,169	58.4
*NA**	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*
Total	***53***	***100.0***	***9,013***	***100.0***	***33,257***	***100.0***	***1,350,102***	***100.0***

**NA-Tracts without household or family income as applicable*

Alliance Bank Corporation did not extend any small business loans in the assessment area's low- and moderate-income census tracts. As indicated by area demographics, .3% of businesses are located in low-income census tracts while 2010 aggregate lending reflects only .2% of lending in such tracts. Opportunities for lending in the low-income census tracts is extremely limited. Conversely, lending opportunities are reasonably available in moderate-income census tracts, as 7.6% of area businesses are located in such tracts. Additionally, in 2010, the aggregate lenders reported 6.4% of small business lending in moderate-income census tracts. When considering the various proxies for demand, the geographic distribution of the bank's small business lending is considered poor.

Because more weight is given to the bank’s HMDA lending, overall distribution of lending by income level of geography is considered reasonable given area demographics and aggregate data.

Community Development Loans, Investments, and Services

Information from individuals knowledgeable of local economic conditions and community needs, as well as a review of CRA performance evaluations of financial institutions operating within the metropolitan assessment area, indicate that considerable community development opportunities exist within the market. Given its current loan-to-deposit ratio (76.6%), the bank’s capacity for additional lending, including community development lending, is not constrained. Additionally, the bank does not face any constraints in providing community development services or making qualified investments.

Since the previous examination, the bank originated one community development loan totaling $288,000. The loan provided for the refinance and renovation of a property primarily targeted to low-and moderate-income residents.

The bank has qualified community development investments totaling $3.2 million in Virginia Housing Development Authority (VHDA) bonds. The VHDA is a public mortgage lender that serves the housing needs of low-and moderate-income individuals throughout the Commonwealth of Virginia. Since the previous evaluation, the bank also made charitable donations in excess of $25,000 that qualify as community development investments.

In addition to the community development loan and investments, Alliance Bank Corporation is a corporate sponsor for Our Daily Bread, a program that supports impoverished families within Fairfax County. Bank employees organized a food drive, provided financial planning and budgeting assistance, and provided credit counseling to low- and moderate-income individuals and families through its relationship with the organization.

Overall, the bank has demonstrated an adequate level of responsiveness to local community development needs through its lending activities and investments that facilitate community development.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;

(ii) Designated disaster areas; or

(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

a. Rates of poverty, unemployment, and population loss; or
b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units**.**

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.