



PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Freedom Bank of Virginia

Fairfax, 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.

PUBLIC DISCLOSURE

October 24, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Freedom Bank of Virginia

3019982

10555 Main Street, Suite 600

Fairfax, VA 22030

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.

TABLE OF CONTENTS

	Page
Institution’s CRA Rating	1
Scope of Examination	1
Description of Institution	1
Description of Washington-Arlington-Alexandria, DC-VA Assessment Area.....	3
Conclusions with Respect to Performance Tests	5
Appendix A: Full Scope Review Tables – Calendar Year 2020	12
Appendix B: Glossary.....	13

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: Outstanding.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable given the bank's size, financial condition, and credit needs of its assessment area.
- A majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment area.
- Lending to borrowers of different incomes and businesses of different sizes is reasonable overall.
- The bank's geographic distribution of loans reflects a reasonable dispersion throughout its assessment area.
- The bank's community development performance demonstrates reasonable responsiveness to the community development needs of its assessment area through the bank's involvement in community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities in bank's assessment area.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The Freedom Bank of Virginia (FBV) was evaluated using the interagency examination procedures for intermediate small institutions developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with the procedures, all reported HMDA loans from 2020 and 2021 were reviewed. Additionally, small business loans were identified as a primary product line and were considered in the evaluation. The analysis includes all small business loans originated by FBV during the 2020 calendar year. Given its size and branch locations, FBV is required to collect and report HMDA data, but is not required to collect or report CRA data.

As of the date of this evaluation, aggregate data from 2021 is not yet available for CRA lending. Because aggregate data captures lending done under the same business and market conditions, it is an important performance context factor needed to evaluate the bank's lending performance. Consequently, the bank's 2021 small business loan data is not included in this evaluation.

Qualified community development loans and services are considered since the previous evaluation (September 24, 2018). All qualified investments made during this same period and those outstanding as of the date of this evaluation, regardless of when made, were also considered.

FBV serves one assessment area within the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Statistical Area (MSA), and it was evaluated using the FFIEC's full-scope evaluation procedures. The assessment area includes a portion of the MSA.

DESCRIPTION OF INSTITUTION

FBV is headquartered in Fairfax, Virginia, and operates five full-service branch offices and two loan production offices in the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. The bank is a wholly-owned subsidiary of Freedom Financial Holdings, a single-bank holding company, also headquartered in Fairfax, Virginia. The institution's previous CRA rating, dated September 24, 2018, was Satisfactory. No known legal impediments exist that would prevent the bank from meeting the credit needs of its assessment area.

As of June 30, 2022, FBV held total assets of approximately \$895.9 million, of which 70.5% were net loans and 21% were securities. As of the same date, deposits totaled approximately \$758.1 million. Various deposit and loan products are available through the institution including loans for business, residential mortgage, and consumer purpose. The composition of the loan portfolio using gross loans is represented in the following table.

Composition of Loan Portfolio

Loan Type	6/30/2022	
	\$(000s)	%
Secured by 1-4 Family dwellings	71,783	11.2
Multifamily	937	0.1
Construction and Development	32,504	5.1
Commercial & Industrial/ NonFarm NonResidential	501,234	78.4
Consumer Loans and Credit Cards	32,565	5.1
Agricultural Loans/ Farmland	0	0.0
All Other	0	0.0
Total	639,023	100.0

As indicated in the preceding table, FBV is an active residential mortgage and commercial/small business lender. Small business loans (i.e. business purpose loans of \$1 million or less) are a subset of Commercial & Industrial/NonFarm NonResidential loans. The bank’s residential mortgage lending activity is larger than suggested by the preceding table as the bank actively sells many of its residential mortgage loans on the secondary market. The bank offers other loans, such as consumer and agricultural loans; however, the volume of such lending is relatively small in comparison to the residential mortgage and business lending.

In April 2020, the Small Business Administration (SBA) created the Paycheck Protection Program (PPP). This program was designed to provide direct incentive for small businesses, allow workforces to remain employed and promote economic stability during the coronavirus (COVID-19) pandemic. Since the PPP was established, FBV has originated 883 loans totaling approximately \$164 million. FBV’s origination of PPP loans is an example of the bank being responsive to area credit needs.

Based on branch locations and lending patterns, the bank delineates one assessment area located in northern Virginia and Washington D.C within the larger Washington-Arlington-Alexandria, DC-VA-MD-WV MSA. The following table details the cities and counties included in the bank’s assessment area.

Assessment Area	City/County	State	Census Tracts Included
Washington-Arlington-Alexandria, DC-VA	Alexandria City	VA	All
	Arlington County	VA	
	Fairfax County	VA	
	Fairfax City	VA	
	Falls Church City	VA	
	Loudoun County	VA	
	Manassas City	VA	
	Manassas Park City	VA	
	Prince William County	VA	
	District of Columbia	DC	

Since its previous examination in 2018, FBV opened one branch in Manassas, VA in April 2020 in a moderate-income census tract. This branch opening did not impact the bank’s assessment area delineation.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, DC-VA ASSESSMENT AREA

As previously mentioned, FBV operates five branch offices in its assessment area. Recent data (June 30, 2022) from the Federal Deposit Insurance Corporation indicates the bank ranked 21st out of 56 institutions in local deposit market share, holding 0.4% of area deposits (excluding credit union deposits). According to 2021 aggregate HMDA loan data, the institution ranked 76th out of 782 lenders in reported home mortgage volume with 0.2% of the market share.

According to 2015 ACS data, the assessment area has a population of 3,030,944 and a median housing value of \$459,405. Within the assessment area, the owner-occupancy rate equals 55.1%, which is slightly below the owner-occupancy rate for both the entire Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (57.8%) and the Commonwealth of Virginia (59.2%). Within the assessment area, 6% of families are considered below the poverty level, which is similar to the poverty rate in the larger MSA (6.1%) and lower than the rate in the Commonwealth of Virginia (8.2%). Area median family incomes for the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA equaled \$118,700 during 2020 and \$122,100 during 2021. The following table includes pertinent demographic data for the assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA <i>(Based on 2015 ACS Data and 2020 D&B Information)</i>								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	75	10.7	60,058	8.7	15,360	25.6	139,491	20.1
Moderate	97	13.9	96,521	13.9	8,934	9.3	99,560	14.4
Middle	208	29.8	203,581	29.4	10,188	5.0	129,224	18.7
Upper	305	43.6	329,912	47.7	6,578	2.0	324,081	46.8
NA	14	2.0	2,284	0.3	411	18.0		
Total	699	100.0	692,356	100.0	41,471	6.0	692,356	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	25,432	3.9	107,773	9.7	26,771	24.8	237,660	21.4
Moderate	73,680	11.2	158,829	14.3	17,043	10.7	162,111	14.6
Middle	196,352	29.9	334,562	30.1	21,676	6.5	197,146	17.7
Upper	358,917	54.7	503,455	45.3	22,065	4.4	515,163	46.3
NA	1,564	0.3	7,461	0.6	1,468	19.7		
Total	655,945	100.0	1,112,080	100.0	89,023	8.0	1,112,080	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	8,790	4.6	8,274	4.8	463	2.8	53	3.3
Moderate	25,489	13.4	22,864	13.3	2,467	15.1	158	10.0
Middle	55,193	29.0	49,633	28.8	5,170	31.7	390	24.6
Upper	99,157	52.1	90,329	52.4	8,021	49.1	807	50.9
NA	1,783	0.9	1,404	0.7	201	1.3	178	11.2
Total	190,412	100.0	172,504	100.0	16,322	100.0	1,586	100.0
	Percentage of Total Businesses:			90.6		8.6		0.8

*NA-Tracts without household or family income as applicable

The area's economy is diversified with a mix of federal and state government, professional and business services, health services, construction, and retail trade. Major employers include the U.S. Department of Defense, Georgetown University, Children's National Medical Center, U.S. Department of Commerce, Micron Technology, Prince William Hospital, local government, and area school boards. The following table reflects periodic unemployment rates since the previous evaluation.

Unemployment Rate Trend				
Geographic Area	Aug 2019	Aug 2020	Aug 2021	Aug 2022
Alexandria City, VA	2.2%	7.2%	4.1%	2.5%
Arlington County, VA	1.9%	5.3%	3.2%	2.2%
Fairfax City, VA	2.1%	6.7%	3.5%	2.5%
Fairfax County, VA	2.3%	6.9%	3.6%	2.7%
Falls Church City, VA	2.2%	4.2%	2.8%	2.4%
Loudoun County, VA	2.3%	6.1%	3.1%	2.6%
Manassas City, VA	2.5%	7.8%	3.8%	2.9%
Manassas Park City, VA	2.3%	7.9%	3.7%	2.7%
Prince William County, VA	2.6%	7.7%	4%	3%
District of Columbia	5.5%	8.9%	7.3%	5.3%
Commonwealth of Virginia	2.8%	7.2%	4%	3.2%
Washington-Arlington-Alexandria DC-VA-MD-WV MSA	3.1%	7.1%	5.3%	3.7%

As indicated in the table above, unemployment rates within the assessment area were generally low during 2019 with the exception of the District of Columbia in relation to the unemployment rates within the MSA and Commonwealth of Virginia. Unemployment rates rose sharply during 2020 because of the COVID-19 pandemic. Since 2020, area unemployment rates have declined as the local economy recovered.

Officials from a local affordable housing organization were recently contacted to discuss area economic conditions and community credit needs. The contacts stated that although the area is resilient because of workforce stability related to government employment, they noted that service industry workers were greatly impacted by the pandemic. Furthermore, the officials noted that the substantial increase in housing prices contributes to the need for more funding and development of affordable housing projects within the local area. While noting such needs within the assessment area, the individuals contacts indicated that area financial institutions are reasonably serving the banking needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

When evaluating a bank’s HMDA performance, relevant area demographic data from the 2015 American Community Survey (ACS) is used as a proxy for demand. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in this performance evaluation is based on ACS data that is updated once every five years. As such, when evaluating the bank’s HMDA performance, relevant area demographic data from the 2015 ACS is used. Similarly, Dun and Bradstreet (D&B) business demographic data from 2020 was used as a proxy for demand when evaluating the bank’s small business performance.

Aggregate loan data is also used as a proxy for demand when evaluating the bank’s HMDA and small business lending performance. The aggregate data includes all activity reported by lenders subject to reporting HMDA and CRA data, respectively, within the bank’s assessment area. Because FBV is not required to collect and does not optionally report CRA loan data, its small business loans are not included in the aggregate CRA data.

While HMDA loan data from calendar years 2020 and 2021 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2021 are presented in the analyses of geographic and borrower distribution performances. In instances where the performance varies significantly from the 2021 performance presented in the table, the variance and the corresponding impact on overall performance is discussed. Appendix A includes borrower and geographic lending tables for HMDA data from 2020.

The borrower and geographic 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.

When evaluating the borrower and geographic distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by dollar volume of such loans made in the assessment area.

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

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio as of June 30, 2022, equaled 83.3%, and it averaged 97.7% during the preceding 16-quarter period. In comparison, the average quarterly loan-to-deposit ratios for nine similarly situated institutions that operate in FBV's assessment area ranged from 63% to 99.8% during the same 16-quarter period. Since September 30, 2018, FBV's assets, net loans, and deposits have increased by 72.9%, 55.2%, and 72.7% respectively. The bank's average loan-to-deposit ratio during the evaluation period is considered more than reasonable given the institution's size, financial condition, and local credit needs.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's 2020 and 2021 HMDA and 2020 small business lending was considered. The lending distribution inside and outside of the bank's assessment area is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Home Purchase	423	56.8	206,229	65.1	322	43.2	110,648	34.9
Home Improvement	2	100.0	2,903	100.0	0	0.0	0	0.0
Refinancing	993	67.4	380,825	72.6	480	32.6	144,060	27.4
Total HMDA related	1,418	63.8	589,957	69.8	803	36.2	255,458	30.2
Small Business	424	81.9	65,782	76.3	94	18.1	20,419	23.7
TOTAL LOANS	1,842	67.3	655,739	70.4	897	32.7	275,877	29.6

As indicated in the preceding table, a majority of the bank's HMDA and small business loans were extended within the bank's assessment area.

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

The bank's borrower distribution performance reflects a reasonable penetration among individuals of different income (including low- and moderate-income) levels and businesses of different sizes.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	39	7.5	9,515	4.4	11,475	6.1	2,784,964	3.2
Moderate	96	18.4	29,715	13.8	33,416	17.8	10,989,958	12.6
Middle	165	31.5	66,266	30.7	48,651	25.9	19,780,484	22.7
Upper	223	42.6	110,093	51.1	94,557	50.2	53,701,373	61.5
Total	523	100.0	215,589	100.0	188,099	100.0	87,256,779	100.0
Unknown	36		31,591		47,996		27,195,056	

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

During 2021, FBV's residential mortgage lending to low-income borrowers (7.5%) significantly lagged the percentage of low-income families in the area (20.1%), but approximated the aggregate level of lending to such borrowers (6.1%). The bank's lending to moderate-income borrowers (18.4%) exceeded the percentage of moderate-income families in the area (14.4%) and approximated the aggregate level of lending to such borrowers (17.8%). FBV's 2021 performance is considered reasonable, and its performance in 2020 is substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA (2020)								
by Revenue	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	18	4.2	8,828	13.4	41,060	44.0	1,346,604	24.9
Over \$1 Million	28	6.6	8,626	13.1	NA	NA	NA	NA
Unknown	378	89.2	48,328	73.5	NA	NA	NA	NA
by Loan Size	Bank				Aggregate*			
\$100,000 or less	256	60.4	9,122	13.9	81,374	87.3	1,677,502	31.1
\$100,001-\$250,000	91	21.5	14,958	22.7	6,604	7.1	1,067,093	19.8
\$250,001-\$1 Million	77	18.1	41,703	63.4	5,260	5.6	2,654,265	49.1
Total	424	100.0	65,783	100.0	93,238	100.0	5,398,860	100.0

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

D&B data from 2020, indicates that 90.6% of all local businesses have revenues that do not exceed \$1 million per year. Of the small business loans considered in the evaluation, 4.2% were to businesses with revenues of \$1 million or less. The percentage of FBV's small business loans extended to businesses with revenues of \$1 million or less was impacted by a large volume of loans for which borrower revenue was unknown (i.e. 89.2% of all loans). As previously noted, FBV was an active PPP lender during 2020, and the PPP loan program did not require the collection or consideration of borrower revenue data. Consequently, large volumes of small business loans were originated during 2020 for which borrower revenue is unknown. When borrower revenue was known (46 loans), less than half (39.1%) of the bank's small business loans were to businesses with revenues of \$1 million or less (18 loans).

Although FBV does not collect or report its small business loan data, aggregate small business data was also considered as an element of performance context in evaluating FBV’s distribution by business revenue. During 2020, 44% of all reported small business 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 2020 aggregate small business loan data also includes an unknown volume of PPP, which limits its usefulness in evaluating FBV’s performance. Because smaller dollar loans can demonstrate a willingness to provide credit to small businesses, the bank’s distribution by loan size was also considered. Overall, the bank originated 60.4% of its small business loans in amounts of \$100,000 or less which lagged the aggregate reporter level of such lending (87.3%).

As an element of performance context, the bank’s PPP small business loans without borrower revenue data were also evaluated by loan size within this assessment area. The following table reflects this distribution.

Distribution of PPP Small Business Loans with Unknown Revenue by Loan Size

Washington-Arlington-Alexandria, DC-VA (2020)				
Loan Size	#	%	\$ (000s)	%
\$100,000 or less	247	65.3%	\$8,794	18.2%
>\$100,000 to \$250,000	80	21.2%	\$12,810	26.5%
>\$250,000 to \$1,000,000	51	13.5%	\$26,725	55.3%
Total	378	100%	\$48,328	100%

Within the Washington-Arlington-Alexandria, DC-VA assessment area, a majority (i.e. 65.3%) of PPP small business loans for which borrower revenue was not known had loan amounts of \$100,000 or less, indicating that the bank is helping to serve the needs of small businesses in the assessment area.

Overall, the distribution by borrower revenue performance is considered reasonable.

Geographic Distribution of Loans

During 2020, FBV originated HMDA loans totaling \$342.8 million and small business loans totaling \$65.8 million within its assessment area. Accordingly, more weight was placed on the bank’s HMDA lending performance because of the larger dollar volume such lending within the assessment area during 2020.

The bank’s geographic distribution performance is considered reasonable for HMDA lending and poor for small business lending. Overall, the combined geographic distribution performance is considered reasonable. In reaching this conclusion, more weight was placed on the bank’s HMDA lending performance because of the larger dollar volume such lending during 2020.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA (2021)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
	(205)				Home Purchase (78,378)			
Low	6	2.9	2,801	2.6	3,814	4.9	1,656,170	3.8
Moderate	31	15.1	16,563	15.2	10,025	12.8	4,079,255	9.4
Middle	62	30.2	26,066	23.9	24,426	31.3	11,810,745	27.1
Upper	106	51.8	63,545	58.3	39,828	51.0	26,019,826	59.7
	(351)				Refinance (150,131)			
Low	7	2.0	2,022	1.5	5,635	3.8	1,980,460	3.0
Moderate	37	10.5	10,782	8.0	14,930	9.9	4,913,846	7.5
Middle	101	28.8	33,048	24.5	42,222	28.1	15,873,083	24.1
Upper	206	58.7	88,936	66.0	87,344	58.2	43,126,100	65.4
	(2)				Home Improvement (6,912)			
Low	0	0.0	0	0.0	183	2.6	31,020	2.6
Moderate	0	0.0	0	0.0	477	6.9	66,187	5.5
Middle	0	0.0	0	0.0	1,591	23.0	235,635	19.7
Upper	2	100.0	2,903	100.0	4,661	67.5	864,048	72.2
	(0)				Multi-Family (270)			
Low	0	0.0	0	0.0	95	35.2	432,539	12.8
Moderate	0	0.0	0	0.0	33	12.2	508,107	15.0
Middle	0	0.0	0	0.0	61	22.6	1,594,520	47.1
Upper	0	0.0	0	0.0	81	30.0	850,842	25.1
	HMDA Totals							
Low	13	2.3	4,823	2.0	9,727	4.1	4,100,189	3.6
Moderate	68	12.2	27,345	11.1	25,465	10.8	9,567,395	8.4
Middle	163	29.2	59,114	23.9	68,300	28.9	29,513,983	25.8
Upper	314	56.2	155,384	62.9	131,914	55.9	70,860,816	61.9
NA*	1	0.1	514	0.1	689	0.3	409,452	0.3
Total	559	100.0	247,180	100.0	236,095	100.0	114,451,835	100.0

NA*-Tracts without household or family income as applicable

During 2021, home purchase and refinance loans were extended most frequently by the bank and aggregate lenders in the assessment area. Within the assessment area, 3.9% of owner-occupied housing units and 16.4% of multifamily housing units are located in low-income census tracts, and 11.2% of owner-occupied housing units and 17.6% of multifamily housing units are located in the moderate-income census tracts. Considering both demographic and aggregate proxies for demand, the bank's performance for home purchase and refinance lending is considered reasonable. The bank's geographic distribution performance of home improvement lending is very poor; however, the volume of such lending is small in relation to its home purchase and refinance lending. Given the comparatively small volume of home improvement lending within the assessment area, FBV's performance was given much less weight than its home purchase and refinance performance when considering overall performance. Also, the absence of multi-family lending by FBV is not considered a material negative performance factor given the relatively small volume of such lending within the assessment area by the aggregate reporters.

During 2021, FBV's HMDA lending in low-income census tracts (2.3%) lagged both the percentage of owner-occupied housing units located in low-income tracts (3.9%) and the aggregate level of lending in such tracts (4.1%), while the bank's lending in moderate-income census tracts (12.2%) exceeded both the percentage of owner-occupied housing units located in moderate-income census tracts (11.2%) and the aggregate level of lending in such tracts (10.8%). Overall, FBV's HMDA geographic distribution performance in 2021 is considered reasonable, and the bank's performance in 2020 is substantially similar.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	4	0.9	1,044	1.6	3,484	3.7	158,378	2.9
Moderate	34	8.0	4,640	7.1	12,151	13.1	714,593	13.3
Middle	152	35.8	26,804	40.7	28,308	30.4	1,715,932	31.8
Upper	234	55.3	33,295	50.6	48,478	52.2	2,763,614	51.3
NA*	0	0.0	0	0.0	585	0.6	36,863	0.7
Total	424	100.0	65,783	100.0	93,006	100.0	5,389,380	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 (.9%) lagged both the percentage of businesses located in low-income census tracts (4.6%) and the aggregate level of lending in such tracts (3.7%). Similarly, FBV’s lending to small businesses in moderate-income census tracts (8%) lagged the percentage of businesses located in moderate-income census tracts (13.4%) as well as the aggregate level of lending in such tracts (13.1%). Overall, the bank’s small business geographic distribution performance during 2020 is considered poor.

Community Development Loans, Investments, and Services

Discussions with individuals knowledgeable of the local community, as well as the review of community development activities of other financial institutions that operate in FBV’s assessment area, indicate that a considerable amount of local community development opportunities are available within the assessment area. The bank faces no constraints in providing community development loans, investments, and services consistent with its capacity and available opportunities.

During the evaluation period, the bank supported community development initiatives by making qualified loans and investments, and by providing community development services. The following table summarizes the bank’s activity.

Summary of Community Development Test Activity		
Number	Activity	Dollar Amount
55	Community Development Loans	\$83 million
7	Qualified Investments	\$18.8 million
12	Donations to Entities Providing Community Development Services	\$47,219
6	Organizations Supported by FBV	Not Applicable
44	Aided First Time Homebuyers Obtain Grants	Not Applicable

Additional information about the 55 community development loans funded by the bank during the evaluation is provided below.

- 26 loans totaling \$31.2 million were extended under the Small Business Administration (SBA) 504 Loan Program that promote small business development and area job creation.
- 25 loans totaling \$45.7 million were extended under the PPP that support job retention and economic stability in response to the COVID-19 pandemic.
- Four participation loans totaling \$6.1 million were extended in collaboration with a Community Development Financial Institution (CDFI) to provide affordable housing (\$2.2 million), education services targeted to low- and moderate-income students (\$1.9 million), and community services to low- and moderate-income people (\$2 million).

During the evaluation period, the bank made or held the following qualified investments.

- \$6.4 million in two bonds issued by the Virginia Housing Development Authority (VHDA). The VHDA promotes affordable housing by financing single- and multi-family mortgages for low- and moderate-income individuals throughout the Commonwealth of Virginia.
- \$1.5 million in one equity investment in a Small Business Investment Company (SBIC) operating within FBV's assessment area. SBIC's provide financing and advisory services to small businesses that promote economic development and job creation.
- \$160,000 to fund a revolving loan fund administered by a local CDFI that promotes small business development. FBV partnered with the CDFI to develop, fund, and launch the revolving loan fund. While the dollar amount of the qualified investment is comparatively small in relation to the bank's other investments, this investment considered highly responsive to the credit needs of very small businesses within the assessment area.
- \$3.5 million in one equity investment in a low-income housing tax credit (LIHTC) fund that supports affordable housing in a large regional area that includes FBV's assessment area.
- \$7.2 million in two bonds where the bonds are backed by SBA 504 loan pools. The loan pools support small business development and job creation within a large regional area that includes the bank's assessment area.
- Charitable donations totaling \$47,219 to 12 different organizations that provide community services within the assessment area.

FBV and its employees provided financial expertise through serving on the board of directors and other leadership roles that aided the following organizations in the provision of community development services within the assessment area during the evaluation period.

Economic Development

The Arlington Chamber of Commerce
Business Finance Group
Washington Business Journal Small Biz Backer Program

Social Services

Shelter House
Court Appointed Special Advocate Children's Intervention Services

Additionally, the bank participates in the Federal Home Loan Bank of Atlanta's (FHLBA) Affordable Housing Program (AHP) for first-time homebuyers. The AHP provides grants targeted to low- and moderate-income borrowers for down payment or closing-cost assistance for the purchase or rehabilitation of a property. During the evaluation period, FBV helped 44 borrowers apply for and receive AHP grants totaling \$289,667. Of this amount, 16 grant recipients located within the bank's assessment area received \$105,000 in grants. The remaining grant recipients were located outside of the bank's assessment area within the larger MSA or Virginia statewide area.

Overall, FBV's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area when considering the bank's capacity and the need and availability of such opportunities within the assessment area.

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.

APPENDIX A – FULL-SCOPE REVIEW TABLES

Washington-Arlington-Alexandria, DC-VA Assessment Area 2020 Data

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	34	4.2	8,542	2.7	9,511	4.5	2,273,585	2.5
Moderate	158	19.3	50,079	15.6	33,570	16.0	10,640,115	11.5
Middle	260	31.8	100,669	31.3	56,357	26.9	22,180,090	24.0
Upper	366	44.7	162,595	50.4	110,294	52.6	57,477,325	62.0
Total	818	100.0	321,885	100.0	209,732	100.0	92,571,115	100.0
Unknown	41		20,892		45,943		25,289,913	

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

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA (2020)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
(217) Home Purchase (69,038)								
Low	2	0.9	865	0.9	3,431	5.0	1,463,529	4.2
Moderate	29	13.4	9,056	9.3	8,763	12.7	3,378,416	9.6
Middle	82	37.8	33,216	34.3	21,279	30.9	9,499,177	27.1
Upper	104	47.9	53,838	55.5	35,299	51.4	20,718,320	59.1
(639) Refinance (180,072)								
Low	9	1.4	4,392	1.8	5,490	3.0	2,032,253	2.6
Moderate	59	9.2	19,150	7.8	15,668	8.7	5,331,429	6.8
Middle	197	30.8	69,531	28.4	49,669	27.6	18,958,757	24.2
Upper	374	58.6	151,702	62.0	109,245	60.7	52,134,356	66.4
(0) Home Improvement (5,794)								
Low	0	0.0	0	0.0	160	2.8	24,840	2.8
Moderate	0	0.0	0	0.0	431	7.4	53,119	6.0
Middle	0	0.0	0	0.0	1,341	23.1	171,876	19.3
Upper	0	0.0	0	0.0	3,862	66.7	639,566	71.9
(0) Multi-Family (275)								
Low	0	0.0	0	0.0	91	33.1	607,442	19.6
Moderate	0	0.0	0	0.0	41	14.9	392,434	12.7
Middle	0	0.0	0	0.0	67	24.4	1,454,292	46.9
Upper	0	0.0	0	0.0	76	27.6	643,693	20.8
HMDA Totals								
Low	11	1.3	5,257	1.5	9,172	3.6	4,128,064	3.5
Moderate	88	10.2	28,206	8.2	24,903	9.7	9,155,398	7.8
Middle	279	32.5	102,747	30.0	72,356	28.3	30,084,102	25.5
Upper	478	55.6	205,540	60.0	148,482	58.1	74,135,935	62.9
NA*	3	0.4	1,027	0.3	762	0.3	357,529	0.3
Total	859	100.0	342,777	100.0	255,675	100.0	117,861,028	100.0

NA*-Tracts without household or family income as applicable

APPENDIX B – 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.